

# Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2012





# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

## **COUNTY OF YORK, VIRGINIA**

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**For the Fiscal Year Ended June 30, 2012**

Prepared by the Department of Financial and Management Services,  
Division of Budget and Financial Reporting

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June 30, 2012

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**COUNTY ADMINISTRATOR**

James O. McReynolds



**BOARD OF SUPERVISORS**

Walter C. Zaremba

District 1

Sheila S. Noll

District 2

Donald E. Wiggins

District 3

George S. Hrichak

District 4

Thomas G. Shepperd, Jr.

District 5

November 9, 2012

The Board of Supervisors  
County of York, Virginia

Dear Members of the Board:

We are pleased to submit to you the Comprehensive Annual Financial Report of the County of York for the fiscal year ended June 30, 2012, as required by the Code of Virginia. The Department of Financial and Management Services has prepared this report in accordance with accounting principles generally accepted in the United States of America (GAAP), the standards of financial reporting prescribed by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, and the Auditor of Public Accounts of the Commonwealth of Virginia. The independent certified public accounting firm of Cherry, Bekaert, & Holland, L.L.P., has audited the financial statements, and their opinions are contained within this report.

Responsibility for both the accuracy of the presented data and the fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and the results of operations of the various funds of the County; and that all disclosures necessary to enable the reader to gain maximum understanding of the County's financial activity have been included.

The County government is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and US Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including the schedule of expenditures of Federal awards, findings and questioned costs, and auditors' reports on internal control and compliance with applicable laws and regulations, are included in the compliance section of this report.

The County, as a separate and distinct political entity, provides a wide range of municipal services as contemplated by statute. Major functions include general government services, judicial services, public safety, environmental and development services, finance and planning, education, human services, general services, and community services. In addition, the County operates and maintains a solid waste disposal program and water and sewer utility systems, which service geographically dispersed areas of the jurisdiction.

The County has included in its financial statements three discretely presented component units. Discretely presented component units are entities that are legally separate from the County, but for which the County is financially accountable, or whose relationships with the County are such that

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*A Hampton Roads Community*



exclusion would cause the County's financial statements to be misleading or incomplete. The component units are the York County School Division, the Economic Development Authority of York County, and the Marquis Community Development Authority.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors, beginning on page C-1 of this report.

### **PROFILE OF THE GOVERNMENT**

The County is located in the Virginia coastal plain on the peninsula formed by the James and York Rivers and the Chesapeake Bay. The County has a land area of 102 square miles and is bounded by James City County and the Cities of Poquoson, Hampton, Newport News, and Williamsburg, and by the York River. The County land area is effectively split into two distinct sections by a large area of federal landholdings, including the Coast Guard Training Center, the Colonial National Historical Park, and the U.S. Naval Weapons Station. In addition, the U.S. Navy's Cheatham Annex, the U.S. Army's Camp Peary, and the U.S. Air Force's Bethel Manor Housing Complex (Langley Air Force Base) with its associated reservoir bring the total federal landholdings in the County to approximately 40%. There are no incorporated towns within the County. The County is empowered to levy a property tax on both real and personal properties located within its boundaries.

Established in 1634, the County has played a role in the development of this nation in that it was the location of the culminating battle of the Revolutionary War and the subsequent surrender of Lord Cornwallis and his British army on October 19, 1781.

The County is organized under the traditional form of government (as defined under Virginia Law). The governing body of the County, the Board of Supervisors, establishes policies for the administration of the County. The Board of Supervisors comprises five members: one member from each of five districts, elected for a four-year term by the voters of the district in which the member resides. The Board of Supervisors appoints a County Administrator to act as the administrative head of the County.

The County provides a full range of services, including law enforcement and fire protection. The County also is financially accountable for the legally separate School Division, Economic Development Authority, and Community Development Authority, all of which are reported separately as discretely presented component units within the County's financial statements. Additional information on each of these legally separate entities can be found in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for the County's financial planning and control. All departments and agencies of the County are required to submit requests for appropriation to the County Administrator during November of each year. The County Administrator uses these requests as a starting point for developing a proposed budget for presentation to the Board of Supervisors for review in February. The Board of Supervisors is required to hold public hearings on the proposed budget and to adopt a final budget by May 1, or within thirty days of the receipt by the County of the estimates of state funds, whichever shall later occur.

The budget is prepared by fund and function (e.g. public safety). The County Administrator may make transfers of appropriations within a function. Transfers between functions require the prior approval of



the Board of Supervisors. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

For the general fund and the tourism fund, a major special revenue fund, this comparison is presented on pages G-2 through G-7 as part of the required supplementary information other than management's discussion and analysis. For governmental funds with appropriated budgets, other than the general and tourism funds, this comparison is presented beginning on page H-4, in the other supplementary information subsection of this report.

### **ECONOMIC CONDITION AND OUTLOOK**

During the year ended June 30, 2012, York County continued to feel the impact of the national and state economic recession. Although the housing market in York County has not experienced as significant of a downturn that other parts of the country have seen, real estate assessments did decline. A major refinery closed, significantly impacting machinery and tools tax collections. Through careful monitoring of revenues and expenditures, adjustments in spending were implemented, including a 90 day hiring freeze, holding vacant positions open, and delaying capital projects, to ensure the County would end the fiscal year in a sound financial condition.

At \$127.2 million, the fiscal year 2013 General Fund adopted budget is 3.4% higher than the fiscal year 2012 budget. Savings achieved in fiscal year 2012 continue with an on-going hiring freeze, delay of certain capital expenditures and other major purchases, and a freeze on the County pay plan. The 2013 General Fund budget is balanced and it does not propose to use any of the undesignated fund balance. We believe that the conservative fiscal policy of the Board of Supervisors and County management will enable the continued provision of the same high level of government service that has come to be expected of York County. Further, these conservative policies will enable York County to emerge from the recession in a strong financial position.

### **MAJOR INITIATIVES**

During the formulation of the fiscal year 2013 budget, the Board of Supervisors directed that the governmental emphasis be focused on maintaining a high level of support for the operation and construction of the schools, public safety, and continued maintenance and extension of municipal sewer and stormwater systems. Accordingly, this direction was translated into a number of specific projects to which major portions of the available resources were allocated.

#### **Operations**

The Comprehensive Plan, titled *Charting the Course to 2025*, is the long-range plan for the physical development of the County. The current plan was adopted in 2005 after an extensive review process involving citizens and civic and business groups, the Planning Commission, and the Board of Supervisors. The goals and initiatives discussed in the current plan include encouraging a balance of quality residential and commercial growth, supporting the County's School division, purchasing conservation easements and environmentally sensitive lands, developing new recreational facilities, beautifying major entrances and commercial corridors including placing existing overhead utilities underground, constructing bicycle and pedestrian improvements leveraged with local funding, and continuing the modernization and improvement of the County's emergency response and management capabilities. The 2005 Plan is currently undergoing review by the Planning Commission and the Commission's findings and recommendations for amendments and updates are expected to be forwarded to the Board of Supervisors early in calendar year 2013.



### **Economic Development**

The slowly recovering national economy continued to hamper significant commercial growth in fiscal year 2012. However, the strong military presence in the region and the significant tourism base allowed the County to fare better than many other communities. Unemployment rates remained below state and national averages and local tax revenues stabilized. The sale of Western Refining to Plains All American Pipeline and the resulting cessation of oil refining in September of 2010, was somewhat offset by Plains expansion announcement in late fiscal year 2012. The company announced a new investment exceeding \$40 million, in rail and facility improvements and the creation of up to 100 new jobs to capitalize on new crude oil sources in the Dakotas and Canada. The closure of Altria's smokeless tobacco manufacturing facility was another significant tax loss to the County. However, Altria's \$25 million investment in upgrading and expanding the facility in 2007 has left the County with a highly marketable product. There are a very limited number of large food grade manufacturing buildings in Hampton Roads and this 135,000 square foot facility has the potential to attract a capital intensive project with quality employment.

The Office of Economic Development (OED) and the Economic Development Authority (EDA) continued to improve and expand programs for existing businesses. York BIZ Expo was the most successful business training and networking event ever held in the County. The event was co-sponsored by the York County Chamber of Commerce, featured over 25 exhibitors and there were speakers on a wide range of topics critical to small businesses. The EDA continued funding for its popular E-Commerce grant program and adopted a plan to help improve commercial tourist-based activities in the historic Yorktown Village. The EDA also provided funds to support the "September Arts Month" initiative in the Historic Triangle that resulted in a significant increase in tourism traffic. The OED accomplished important upgrades to its popular GIS based, commercial real estate website, "Site Selector", including a mobile device application. The Economic Development website was also enhanced with expanded content and data and a streamlined interface.

The Marquis retail development approved for over a million square feet was acquired by a Dallas firm, Todd Interests in May of 2011. In fiscal year 2012, the new owner was able to restructure the Community Development Authority debt, in a manner that will facilitate new financing for completing the project. Additionally, Todd Interests was able to execute new long-term leases with the project's four existing tenants, JC Penney, Best Buy, Kohl's and Dick's Sporting Goods. Plans are already underway for an additional 100,000 square feet of retail space for the project and there are active negotiations for restaurant development on outparcels.

The OED and EDA fully embraced the "economic gardening" and business "incubator" strategies in fiscal year 2012. The EDA worked to assist AVID Aerospace in securing an economic gardening grant from the Hampton Roads Partnership and provided a grant to support CW Optics' technology commercialization grant application to the Center for Innovative Technology. The EDA also approved a Memorandum of Understanding to co-sponsor a Historic Triangle Business Incubator with the James City County and the City of Williamsburg EDA's. These efforts have been augmented by working more closely with the William and Mary Office of Economic Development, who will manage the new regional business incubator.

### **Capital Improvements Program**

Growth in the County's population is projected to continue an upward trend. Along with this growth, the County can anticipate an increased demand for government services. The County's ten-year capital improvements program (CIP) indicates that a major emphasis will continue to be placed on



expansion of sewer facilities, school facilities, maintenance of buildings, and improvement of stormwater facilities.

Significant projects during fiscal year 2012 included funding provided to the Economic Development Authority for the construction of a new debris recycling center; transportation projects; public safety equipment; video services equipment and roof and building repairs.

The Stormwater Maintenance Program continues to address ongoing drainage maintenance within County easements. The Stormwater Capital Improvements Program includes Lakeside Forest, Moore's Creek, Cook Road/Falcon Road, Edgehill, Tabb Lakes, Victory Industrial Park, Dare Elementary, Greensprings, Goodwin Neck/Rosewood, Claxton Creek, Wormley Creek Headwaters, Marlbank Cove Ravine, Coventry Boulevard, and Poquoson Headwaters.

Major planned water construction projects include Burts Road, East Rochambeau and the Lightfoot Newport News Waterworks Water Extension.

Major sewer construction projects that are in progress or that are in the County's Capital Improvements Program include Falcon/Loblolly, Darby-Firby, Queen's Lake, Waterview, York Point, Hornsbyville, Carver Place, Old Wormley Creek, Wolftrap, Acree Acres, Oak/Dogwood, Moore's Creek, East Rochambeau, Allen's Mill, Hornsbyville, National Lane, Dare-Jethro Lane, Kentucky Farms, Sinclair, Schneck Estates, Big Bethel, Whites-Faulkner, Burt's Road, and Payne's Road.

The York County School Division has several major repair/replacement and classroom addition projects, as well as a new elementary school, planned in its ten-year Capital Improvement Program.

### **Regional and Joint Cooperation**

#### *Regional Jail*

Along with James City County and the Cities of Williamsburg and Poquoson, the County is a member of the Virginia Peninsula Regional Jail Authority. The Authority was created in 1993 for the purpose of constructing and operating a single jail for the participating localities. The project was developed to relieve the severely overcrowded conditions at existing facilities in the County and other jurisdictions.

#### *Juvenile Jail Facility*

A regional coalition was created involving 16 counties and 2 cities, of which the County is a voting member, to secure a juvenile detention facility. A 48-bed facility was opened in December 1997 to meet the demand for secure juvenile detention placements among the member jurisdictions.

#### *Other Projects*

The County will continue to participate in a number of entities intended to address regional activities such as transportation, economic development, and planning. The number of studies and planning projects done regionally will likely increase over time as localities within Hampton Roads recognize their shared future. The design, procurement, and operation of the Communications System Upgrade project is a joint venture with James City County.



## **FINANCIAL INFORMATION**

The County's accounting records for general governmental operations are maintained on the modified accrual basis. This essentially involves the recording of revenues when they become measurable and available and the recording of expenditures when the goods and/or services are received or related fund liability is incurred. Accounting records for the County's enterprise (utility systems) and internal service (motor vehicle pool and other post-employment benefits) funds are maintained on the accrual basis.

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are a system of methods, practices, and procedures designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived therefrom; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal accounting control evaluations occur within the above framework. We believe that the County's system of internal accounting control adequately safeguards assets and provides reasonable assurance for the proper recording of financial transactions. Budgetary controls are maintained to ensure compliance with the budget approved by the Board of Supervisors. The approved budget is used as a tool to monitor general government expenditures within the limits adopted by the Board. Encumbrances are used to reserve a portion of the applicable appropriation for purchase orders, contracts, and commitments of the County. Open encumbrances are reported in the governmental funds as a component of restricted, committed, and assigned fund balances, as applicable, at year-end.

## **POLICIES**

Several policy decisions related to the economic situation continued to have a significant impact on financial operations in 2012. The postponement of major capital projects (excluding sewer projects, whereby the revenue source is user fees) continued. Only minimal maintenance projects were approved, whereby further delay of such would have been cost-prohibitive. Another policy decision that began in fiscal year 2009 and continues through the date of this report is a 90-day hiring freeze for positions that became vacant. There were several positions that were held vacant beyond that period to achieve further savings. It is anticipated that the freeze will continue through the remainder of fiscal year 2013, to assist with balancing the budget.

## **INDEPENDENT AUDIT**

The Code of Virginia and the Commonwealth's Auditor of Public Accounts require an annual audit of the books of account, financial records, and the transactions of all administrative departments, agencies, and activities of the County by an independent certified public accountant selected by the Board of Supervisors. This requirement has been complied with and the report of independent auditors has been included in the financial section of this report.

In addition to meeting the requirements set forth in State statutes and regulations, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996 and related OMB Circular A-133. The reports of independent auditors, which relate specifically to the single audit, are also included in the compliance section of this report.



### **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the County of York, Virginia, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. This was the 26<sup>th</sup> consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **DISTINGUISHED BUDGET PRESENTATION**

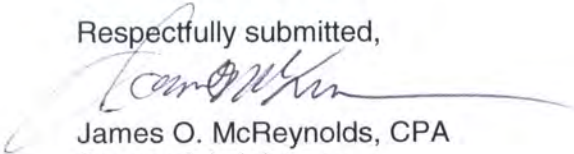
The Government Finance Officers' Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the County of York, Virginia, for its annual budget for the fiscal year beginning July 1, 2011. This was the 8<sup>th</sup> consecutive year that the County has achieved this prestigious award. In order to receive this award, a governmental entity must publish a budget document that meet program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe that our current budget continues to conform to program requirements and it has been submitted to the GFOA to determine its eligibility for another award.

### **ACKNOWLEDGMENTS**

The preparation of this report could not have been accomplished without the efficient and dedicated services of the staff of the Department of Financial and Management Services, especially the Division of Budget and Financial Reporting, the Office of the Treasurer, the School Division, and the York/Poquoson Department of Social Services. I would like to express my appreciation to all of the members of these staffs who assisted and contributed to its preparation. I would also like to thank the members of the Board of Supervisors who, both individually and collectively, provided the guidance and support essential to the conduct of the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,



James O. McReynolds, CPA  
County Administrator

\*Director of Financial and Management Services position was vacant as of the date of this letter.

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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of York  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



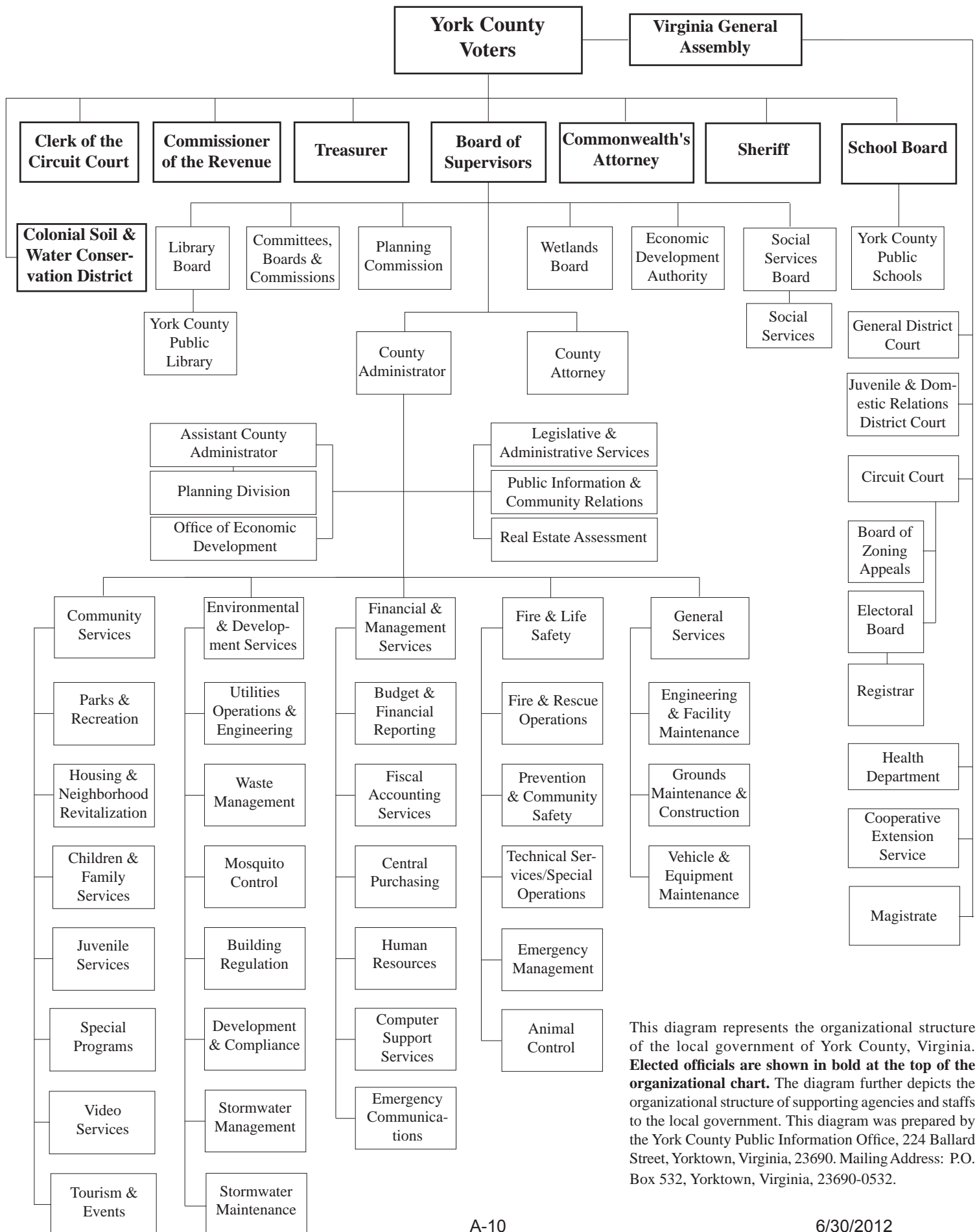
*Linda C. Danson*

President

*Jeffrey R. Enen*

Executive Director

# Organizational Diagram of York County Government





**COUNTY OF YORK, VIRGINIA**  
Principal Officials  
For the Fiscal Year Ended June 30, 2012

**Board of Supervisors**

Thomas G. Shepperd, Jr., Chairman  
Sheila S. Noll, Vice-Chairman  
Walter C. Zaremba  
Donald E. Wiggins  
George S. Hrichak

**Constitutional Officers**

Clerk of the Circuit Court  
Commissioner of the Revenue  
County Treasurer  
Commonwealth's Attorney  
Sheriff

Lynn S. Mendibur  
Ann H. Thomas  
Deborah B. Robinson  
Benjamin M. Hahn  
J. D. Diggs

**County Officials**

County Administrator  
County Attorney  
Assistant County Administrator  
Director of Financial and Management Services  
Director of Community Services  
Director of Environmental and Development Services  
Director of General Services  
Fire Chief

James O. McReynolds  
James E. Barnett  
J. Mark Carter  
Vacant  
Vacant  
John Hudgins  
Mark Bellamy  
Stephen P. Kopczynski

**School Board**

Barbara S. Haywood, Chair  
R. Page Minter, Vice-Chair  
Robert W. George, D.D.S.  
Cindy Kirschke  
Mark A. Medford

**School Officials**

Superintendent of Schools  
Chief Academic Officer  
Chief Financial Officer  
Chief Operations Officer  
Director of Accountability & Instructional Services  
Director of Elementary Instruction  
Director of Human Resources  
Director of Information Technology  
Director of School Administration  
Director of Secondary Instruction

Dr. Eric S. Williams  
Dr. Stephanie L. Guy  
Dennis R. Jarrett, CPA, CPFO, SFO  
Dr. Carl L. James  
Dr. Lisa L. Pennycuff  
Amy C. Colley  
Noreen B. Becci, Esq.  
Douglas E. Meade  
Dr. Catherine L. Jones  
Dr. Kipp D. Rogers

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## **Independent Auditors' Report**

The Honorable Members of the Board of Supervisors  
County of York, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of York, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of York's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audit of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of York, Virginia as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis at C-1 through C-13, the budgetary comparison schedules for the general fund and tourism special revenue fund, and other schedules at G-2 through G-10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2012 on our consideration of the County of York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the County of York's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is also presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the financial statements. The combining and individual non-major fund statements and schedules, and the schedule of expenditures of federal awards, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

*Cherry, Bekant & Holland, L.L.P.*

Virginia Beach, Virginia  
November 9, 2012



## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the County of York's (the "County's") comprehensive annual financial report presents management's discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2012. Please read it in conjunction with the transmittal letter on pages A-1 through A-8 at the front of this report and the County's basic financial statements, which begin on page D-1.

### FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2012 (FY2012)

- The assets of the County on a government-wide basis excluding component units, exceeded its liabilities as of June 30, 2012 by \$171,269,782 (net assets). Under Virginia law, School Divisions hold title to all school property and local governments incur financial obligations for school property. The assets are reported on the School Division's Statement of Net Assets and the related debt is reported on the County's Statement of Net Assets. Consequently, the County reports \$59,822,805 in school debt without the related assets.
- The County's total net assets decreased by \$1,542,748. Governmental activities decreased by \$1,926,669, primarily due to an increase in expenses and decreases in property taxes, unrestricted investment earnings and miscellaneous revenues. Business-type activities increased by \$383,921, mainly attributable to capital contributions for sewer infrastructure.
- As of June 30, 2012, the County's governmental funds reported combined ending fund balances of \$67,531,877, an increase of \$4,010,298 from the prior year. Unassigned fund balance totaled \$8,238,363 and is available for spending at the County's discretion. This amount reflects a General Fund unassigned fund balance of \$15,547,246, or 14.9% of total General Fund expenditures and an unassigned fund deficit of (\$7,308,883) in the Yorktown Capital Improvements Fund, attributable to a long-term advance payable to another fund.
- The County's noncurrent liabilities at June 30, 2012 were \$122,391,405, which is an increase of \$966,129 from the prior year. The key factor in this increase was the issuance of \$6,925,000 general obligation bonds for the replacement of the HVAC system at Coventry Elementary School and New Horizons Regional Education Center, the replacement of the roof at Grafton Bethel Elementary School and the gymnasium at Coventry Elementary School, classroom additions at Tabb Elementary School and a gymnasium at the Grafton Complex; offset by principal payments on existing debt.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The Comprehensive Annual Financial Report consists of three (3) sections: introductory, financial and statistical. The financial section includes the basic financial statements consisting of three components: 1) Government-wide financial statements; 2) Fund financial statements; and 3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

**Government-wide Statements** - The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, in a manner similar to a private-sector business. One of the most frequently asked questions about the County's finances is, "Is the County as a whole better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all of the assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net assets and the changes in them. One can think of the County's net assets - the difference between assets and liabilities - as one way to measure the County's financial health or financial position. Over time, increases or decreases in the County's net assets is one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors will need to be considered, such as changes in the County property tax base, to assess the overall health of the County.

In the Statement of Net Assets and the Statement of Activities, the County is divided into three kinds of activities:

- Governmental activities - Most of the County's basic services are reported here, including general government, judicial services, public safety, environmental and development services, finance and planning, education, human services, general services, and community services. Property taxes, other local taxes, and state and federal grants finance most of these activities.
- Business-type activities - The County charges a fee to customers to help cover the majority of the costs of services it provides. The County's water and sewer utilities, solid waste, Yorktown operations, the two Sanitary Districts, and Regional Radio System operations are reported here.
- Component units - The County includes three separate legal entities in its report - the York County School Division, the Economic Development Authority of York County and the Marquis Community Development Authority. Although legally separate, the County is financially accountable for the component units and provides operating and capital funding.

The government-wide financial statements can be found on pages D-1 through D-2 of this report.

**Fund Financial Statements** - Traditional users of government financial statements will find the fund statement presentation more familiar, although the focus is only on the County's most significant funds. The County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

The County has three kinds of funds:

- Governmental funds - Most of the County's basic services are reported in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out; and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed, short-term view of the County's general government operations and the basic services it provides.

Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the future to finance the County's programs. Because this information does not address the long-term focus of the government-wide statements, additional information is provided after the governmental funds statements that explains the relationship (or differences) between the fund financial statements and the government-wide financial statements. The basic governmental fund financial statements can be found on pages E-1 through E-4 of this report. The County maintains eleven individual governmental funds.

Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Tourism Fund, Education Debt Service, Yorktown Capital Improvements and County Capital Funds, all of which are considered to be major funds.

Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages H-2 through H-6 of this report.

- **Proprietary funds** - Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.

In fact, the County's enterprise funds (one type of proprietary fund) are its business-type activities, but the fund financial statements provide more detail and additional information, such as cash flow. The basic proprietary fund financial statements can be found on pages E-5 through E-7 of this report. The County maintains eight individual enterprise funds. Information is presented separately in the proprietary fund statement of net assets, the proprietary fund statement of revenues, expenses and changes in fund net assets and the proprietary fund statement of cash flows for the Sewer Utility Fund, which is a major fund. Data for the other seven enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements on pages I-2 through I-4 of this report.

The County uses two internal service funds (the other type of proprietary fund) to report activities that provide supplies and services for the County's other programs and activities. The Vehicle Maintenance Fund provides for the accumulation of resources to replace capital equipment and maintenance services for the County's vehicle fleet and the Other Post-Employment Benefits Fund (OPEB) accounts for subsidy payments for eligible retirees of the County towards health insurance coverage in a plan sponsored by the County. The internal service funds are presented as a separate column in the proprietary fund financial statements, on pages E-5 through E-7 of this report. Individual fund data for each of these internal service funds is provided in the form of combining statements on pages J-2 through J-4 of this report.

- **Fiduciary funds** - All of the County's fiduciary activities are reported in separate agency fund statements of assets and liabilities and changes in assets and liabilities. The County excludes these activities from the County's government-wide statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is the custodian.

The Statement of Assets and Liabilities - Agency funds can be found on page E-8 of this report. Individual fund data for the agency funds is provided in the form of combining statements on pages K-2 through K-3 of this report.

**Notes to the Basic Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages F-1 through F-36 of this report.

**Other information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's General Fund and Tourism Fund budgets and progress in funding its obligations to provide pension benefits and other post-employment benefits to its employees and contributions for other-post employment benefits and for the single-employer defined benefit pension plan of the School Division. Required supplementary information can be found beginning on page G-2 of this report.

The combining statements for nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements can be found on pages H-2 through K-3 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Summary of Statement of Net Assets - As of June 30, 2012 and 2011

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY2012</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2011</u>
Current and other assets	\$ 101,535,203	\$ 100,445,746	\$ 19,582,097	\$ 22,666,747	\$ 121,117,300	\$ 123,112,493
Capital assets	<u>87,624,581</u>	<u>90,942,256</u>	<u>112,772,722</u>	<u>108,002,253</u>	<u>200,397,303</u>	<u>198,944,509</u>
Total assets	<u>\$ 189,159,784</u>	<u>\$ 191,388,002</u>	<u>\$ 132,354,819</u>	<u>\$ 130,669,000</u>	<u>\$ 321,514,603</u>	<u>\$ 322,057,002</u>
Current and other liabilities	\$ 23,597,922	\$ 25,760,980	\$ 4,255,494	\$ 2,058,216	\$ 27,853,416	\$ 27,819,196
Long-term liabilities	<u>98,240,434</u>	<u>96,378,925</u>	<u>24,150,971</u>	<u>25,046,351</u>	<u>122,391,405</u>	<u>121,425,276</u>
Total liabilities	<u>121,838,356</u>	<u>122,139,905</u>	<u>28,406,465</u>	<u>27,104,567</u>	<u>150,244,821</u>	<u>149,244,472</u>
Net assets:						
Invested in capital assets, net of related debt	57,208,246	58,572,877	91,705,008	92,794,535	148,913,254	151,367,412
Restricted net assets	1,235,126	10,669	182,087	403,421	1,417,213	414,090
Unrestricted net assets	<u>8,878,056</u>	<u>10,664,551</u>	<u>12,061,259</u>	<u>10,366,477</u>	<u>20,939,315</u>	<u>21,031,028</u>
Total net assets	<u>67,321,428</u>	<u>69,248,097</u>	<u>103,948,354</u>	<u>103,564,433</u>	<u>171,269,782</u>	<u>172,812,530</u>
Total liabilities and net assets	<u>\$ 189,159,784</u>	<u>\$ 191,388,002</u>	<u>\$ 132,354,819</u>	<u>\$ 130,669,000</u>	<u>\$ 321,514,603</u>	<u>\$ 322,057,002</u>

Current and other assets decreased by \$1,995,193 from the prior year. Most of the decrease was attributable to debt proceeds (restricted cash) received in the prior year. Capital assets increased by \$1,452,794 from the prior year. This is primarily related to the capitalization of buildings and improvements, equipment and sewer infrastructure.

The County's net assets totaled \$171,269,782, a decrease of \$1,542,748. This result is comprised of a decrease of net assets in governmental activities of \$1,926,669, and an increase of \$383,921 in business-type activities. The decrease in governmental activities was primarily due to an increase in expenses and decreases in property taxes, unrestricted investment earnings and miscellaneous revenues. The increase for business-type activities was primarily attributable to capital contributions for the sewer infrastructure.

Approximately .8% of net assets represented resources that are subject to external restrictions. Restrictions do not significantly affect the availability of fund resources for future use. The majority of the County's net assets reflected its investment in capital assets, less any related debt used to acquire those assets that were still outstanding. These assets are used to provide services to citizens and consequently are not available for future spending. Unrestricted net assets represents the part that can be used to finance day-to-day operations. At June 30, 2012, the County reported unrestricted net assets of \$20,939,315.

Under Virginia law, School Divisions hold title to all school property, except when the governing bodies of the local government and school division agree that title may vest in the locality. Since Virginia school divisions do not have taxing authority, local governments incur financial obligations for school property. In June 2003, the York County Board of Supervisors passed a resolution electing not to acquire tenancy in common of school property in the implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The County borrows funds to finance the acquisition, construction, and improvement of school property and the School Division holds title to this property.

With the County opting out of Senate Bill 276, the asset values are reported on the School Division's Statement of Net Assets and the related debt or liability are reported on the County's Statement of Net Assets. Consequently, the County reports \$59,822,805 in school debt without the related assets.

### Summary of Changes in Net Assets - Years Ended June 30, 2012 and 2011

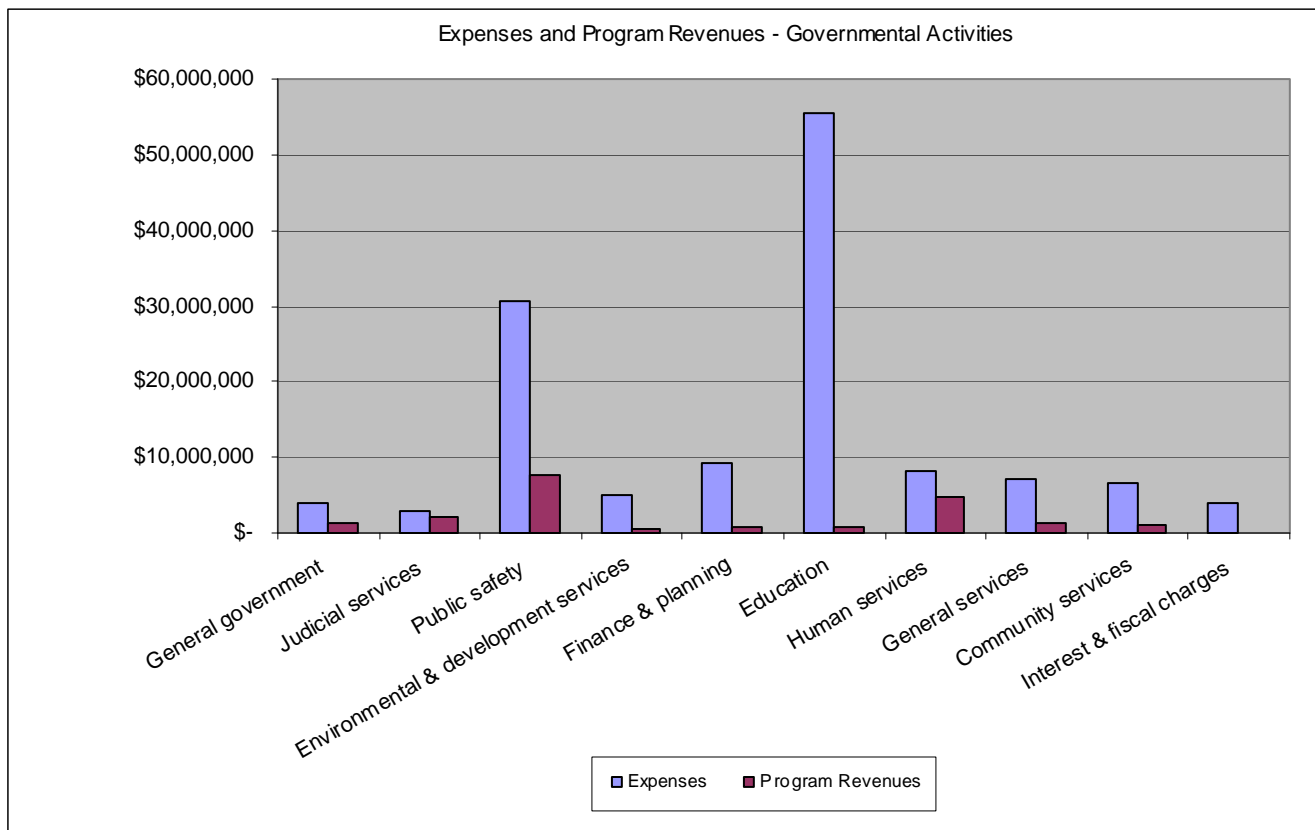
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY2012</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2011</u>
Revenues:						
Program revenues:						
Charges for services	\$ 7,128,720	\$ 7,514,159	\$ 13,123,273	\$ 12,215,889	\$ 20,251,993	\$ 19,730,048
Operating grants and contributions	10,146,333	10,738,996	1,342,550	149,502	11,488,883	10,888,498
Capital grants and contributions	2,727,017	2,562,616	1,063,452	2,595,686	3,790,469	5,158,302
General revenues:						
Property taxes	76,373,509	77,433,934	-	-	76,373,509	77,433,934
Other taxes	29,921,005	29,272,834	-	-	29,921,005	29,272,834
Personal property tax relief from Commonwealth of Virginia, net						
Local Aid to Commonwealth	8,485,927	8,496,159	-	-	8,485,927	8,496,159
Unrestricted investment earnings	174,000	234,060	66,982	68,299	240,982	302,359
Miscellaneous	414,057	813,341	30,039	21,822	444,096	835,163
Gain on sale of capital assets	28,907	33,007	-	-	28,907	33,007
Total revenues	<u>135,399,475</u>	<u>137,099,106</u>	<u>15,626,296</u>	<u>15,051,198</u>	<u>151,025,771</u>	<u>152,150,304</u>
Expenses:						
Governmental activities:						
General government	3,852,265	4,756,990	-	-	3,852,265	4,756,990
Judicial services	2,983,284	3,114,416	-	-	2,983,284	3,114,416
Public safety	30,651,085	29,749,782	-	-	30,651,085	29,749,782
Environmental and development services	5,110,799	7,360,263	-	-	5,110,799	7,360,263
Finance and planning	9,246,805	9,957,090	-	-	9,246,805	9,957,090
Education	55,589,523	48,896,509	-	-	55,589,523	48,896,509
Human services	8,250,918	8,375,011	-	-	8,250,918	8,375,011
General services	7,185,728	7,159,338	-	-	7,185,728	7,159,338
Community services	6,667,688	5,934,513	-	-	6,667,688	5,934,513
Interest and fiscal charges on noncurrent debt	4,048,324	4,263,014	-	-	4,048,324	4,263,014
Business-type activities:						
Sewer Utility	-	-	10,467,392	9,983,893	10,467,392	9,983,893
Water Utility	-	-	346,275	362,073	346,275	362,073
Solid Waste	-	-	5,599,987	4,407,178	5,599,987	4,407,178
Yorktown Operations	-	-	112,258	117,368	112,258	117,368
Sanitary Districts	-	-	431,544	439,058	431,544	439,058
Regional Radio System	-	-	2,024,644	1,773,267	2,024,644	1,773,267
Total expenses	<u>133,586,419</u>	<u>129,566,926</u>	<u>18,982,100</u>	<u>17,082,837</u>	<u>152,568,519</u>	<u>146,649,763</u>
Change in net assets, before transfers	1,813,056	7,532,180	(3,355,804)	(2,031,639)	(1,542,748)	5,500,541
Transfers	(3,739,725)	(3,562,226)	3,739,725	3,562,226	-	-
Change in net assets	(1,926,669)	3,969,954	383,921	1,530,587	(1,542,748)	5,500,541
Net assets, beginning	<u>69,248,097</u>	<u>65,278,143</u>	<u>103,564,433</u>	<u>102,033,846</u>	<u>172,812,530</u>	<u>167,311,989</u>
Net assets, ending	<u>\$ 67,321,428</u>	<u>\$ 69,248,097</u>	<u>\$ 103,948,354</u>	<u>\$ 103,564,433</u>	<u>\$ 171,269,782</u>	<u>\$ 172,812,530</u>

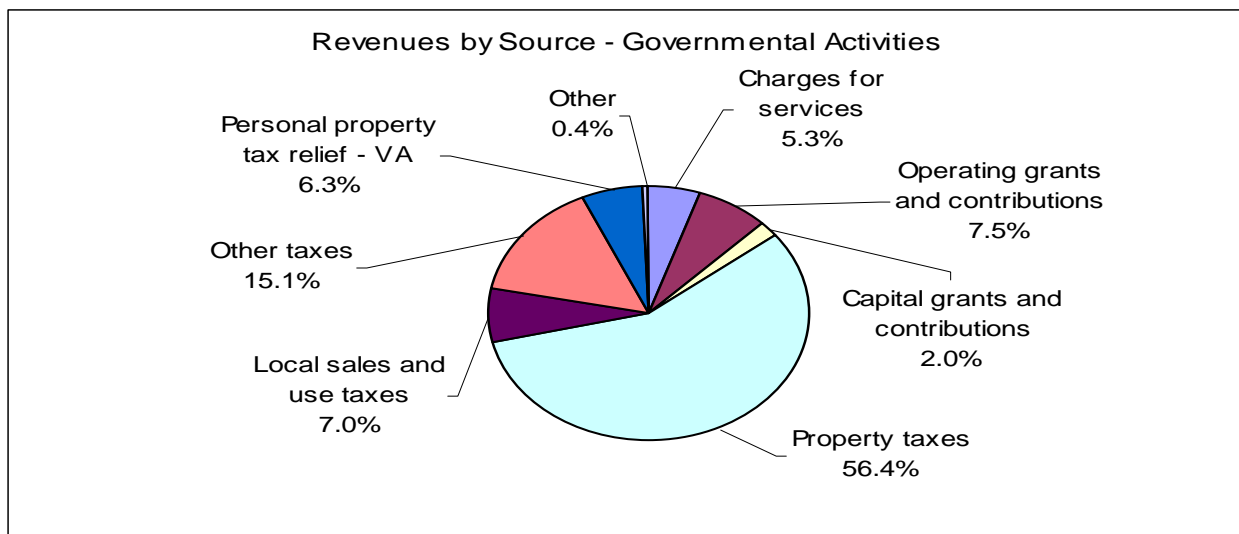


**Governmental Activities** - For the fiscal year ended June 30, 2012, revenues from governmental activities totaled \$135,399,475. Real estate tax revenue, the County's largest revenue source, was \$63,774,536. The County's assessed real property tax base for calendar year 2012 was \$9,032,503,490. The County reported current year collections of \$19,682,632 in personal property taxes, the County's second largest revenue source. Of that amount, \$8,741,680 was from the Commonwealth of Virginia as an entitlement grant under the provisions of the Personal Property Tax Relief Act (PPTRA), offset by \$255,753 of local aid returned to the Commonwealth. Property taxes decreased by \$1,060,425, primarily driven by a significant drop in machinery and tools taxes due to the closing of a major refinery.

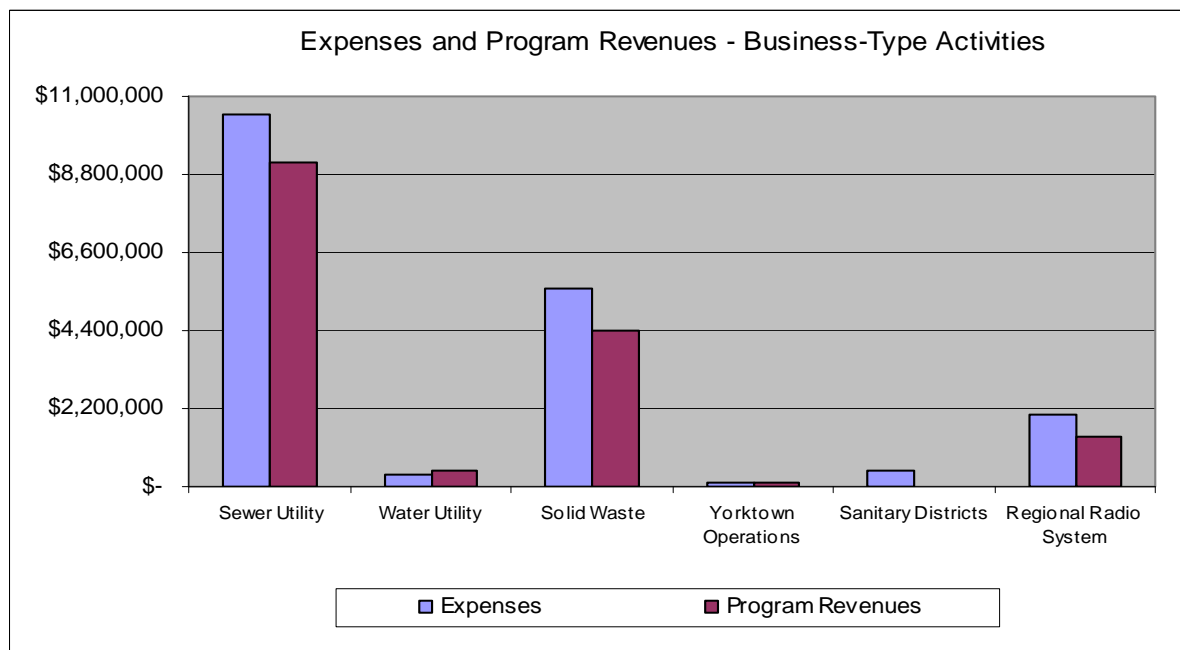
Other taxes increased by \$648,171 from the prior year as a result of increases in local sales taxes, restaurant food taxes, business license taxes and motor vehicle licenses. Most of the overall increase of \$164,401 in capital grants and contributions related to a Community Development Block Grant and Public Safety grants.

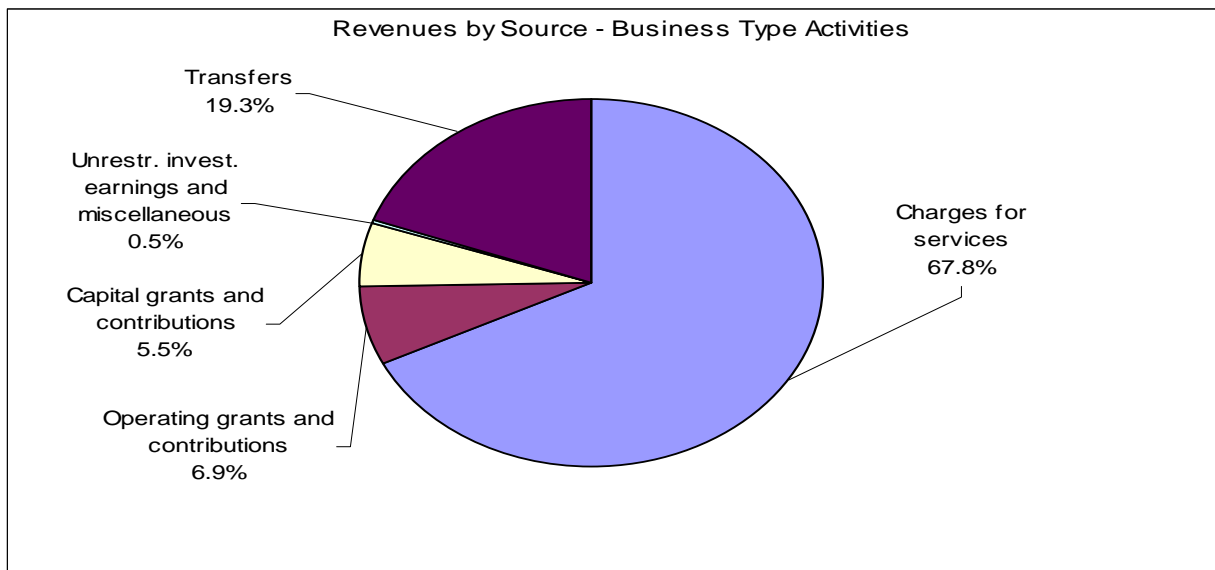
For the fiscal year ended June 30, 2012, expenses for governmental activities totaled \$133,586,419, including the following payments to the component unit - School Division: \$44,953,073 for operations and \$7,808,129 of bond proceeds for capital projects. The County paid to the component unit - Economic Development Authority \$43,590 for operations, \$40,000 for an economic grant and \$185,520 for an economic development project and \$1,108,082 to the component unit - Community Development Authority in incremental taxes.





**Business-Type Activities** - Business-type activities increased the County's net assets by \$383,921 for the fiscal year ended June 30, 2012. This increase is primarily attributable to capital contributions. Significant transfers include \$700,000 to support the operations of the County's curbside recycling program in the Solid Waste Fund, \$2,148,626 of meals tax to support capital projects in the Water and Sewer Utility Funds, and \$891,099 for the maintenance on the emergency radio system in the Regional Radio System Fund.



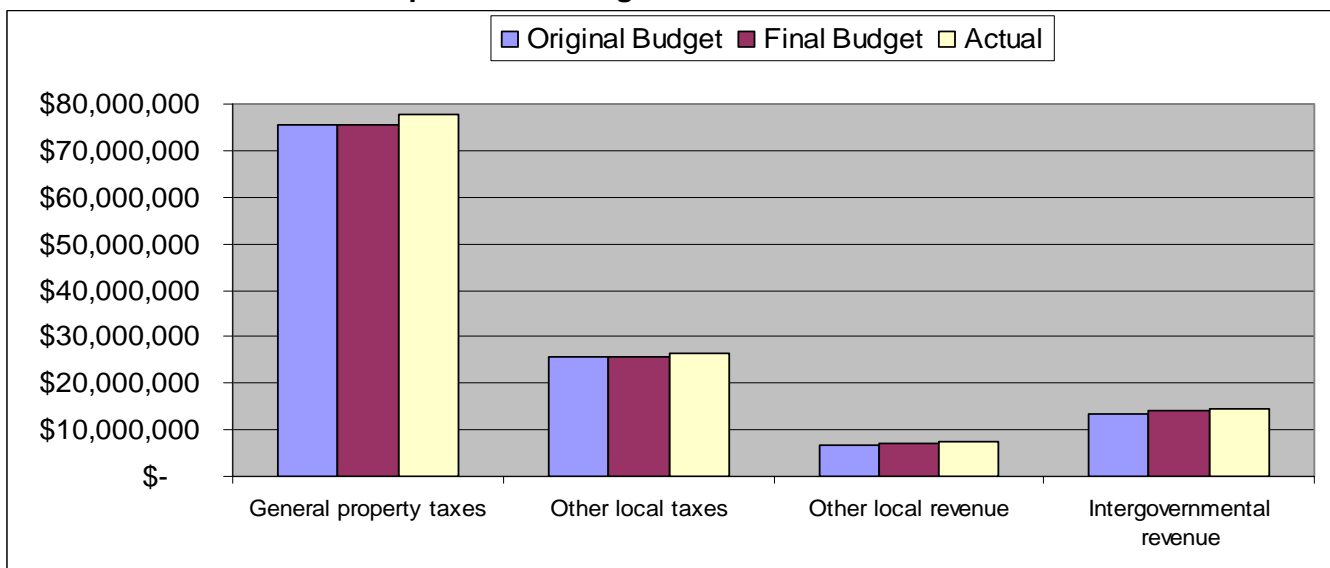


## GENERAL FUND

As of June 30, 2012, the County's governmental funds reported combined ending fund balances of \$67,531,877, an increase of \$4,010,298 from the prior year. Unassigned fund balance totaled \$8,238,363 and is available for spending at the County's discretion. Of the remainder of fund balance, \$10,789,596 is nonspendable, \$1,214,763 is restricted, \$13,232,216 is committed and \$34,056,939 is assigned. The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance was \$15,547,246, and total fund balance was \$58,286,734. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 14.9% of total General Fund expenditures while total fund balance represents 56.0% of the same amount.

During the year, the Board of Supervisors approved various budget revisions. The following chart shows the original approved budget, the revised budget at the end of the fiscal year and the actual amounts for both revenues and expenditures in the General Fund.

## General Fund Revenue - Comparison of Budget to Actual

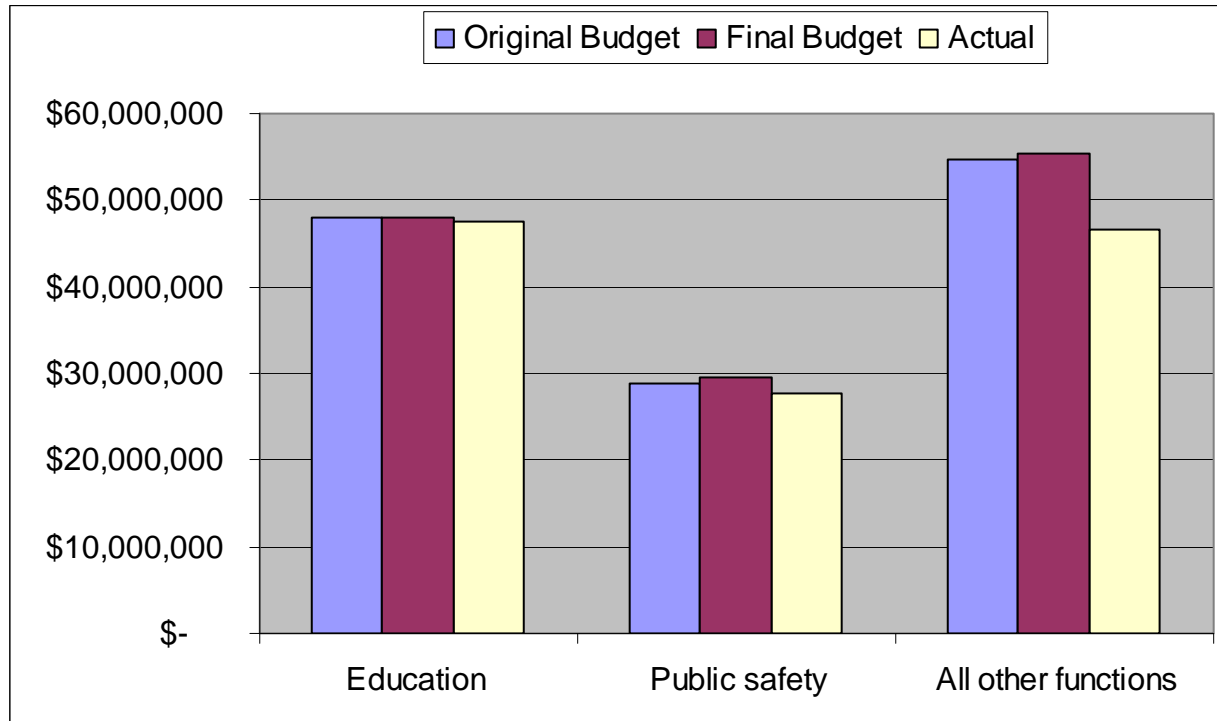


The total General Fund final budgeted revenues were \$1,058,674 (.9%) over the original budget. The majority of the increase was driven by federal and state grants appropriated during the year.

The total General Fund actual revenues were \$3,443,836 (2.8%) over the final budget. Significant variances include the following:

- General property taxes were higher than the final budget by \$2,298,475 (3.0%), which primarily reflected the net effect of an increase in the real property tax rate for calendar year 2012, which offset the decline in assessments and assisted with funding an increase in expenditures.
- Other local taxes showed an increase over the final budget by \$438,711 (1.7%), primarily driven from an increase in business license taxes.
- Other local revenue increased by \$342,547 from the final budget (4.9%). Of this net increase, the more significant variances were in charges for services, driven by medic recovery fees which varies based on the level of service, and in miscellaneous revenue, driven primarily by prior year expenditure refunds, sale of surplus property and insurance recoveries.
- Intergovernmental revenue came in above the final budget by \$364,103 (2.5%). A main factor in this increase was a federal Community Development Block Grant (CDBG) that was budgeted in a prior year but received in fiscal year 2012 based on expenditures. Revenues from the federal and state governments showed decreases from the final budget for a disaster grant related to Hurricane Irene as the revenue was not received in time to meet the availability criterion for accrual.

#### General Fund Expenditures - Comparison of Budget to Actual



The total General Fund final budgeted expenditures were \$1,192,966 (.9%) over the original budget. The majority of the increase was driven by federal and state grants and donations appropriated during the year.

The total General Fund actual expenditures were \$11,081,641 (8.3%) under the final budget. A portion of the variance (\$803,157) is attributable to outstanding encumbrances at June 30, 2012, which are not reflected in the budgetary comparison schedule. Other significant variances include the following:

- Education: the payment to the School Division is under budget due to the return of unspent funds to the County per State code and savings from vacant positions and turnover in Library Services.
- Public Safety: the department was under budget due to grants and donations that had not been fully expended at year-end. In addition, personnel savings were realized as a result of turnover and a 90 day hiring freeze. Various amendments to the original budget resulted from donations and the award of grants.
- All Other Functions with significant variances:
  - General Government: The Electoral Board was under budget because there were no significant withdrawals from the voting machine replacement reserve during the year.
  - Judicial Services: The Circuit Court, the Clerk of the Court, and the Commonwealth's Attorney were under budget as a result of vacancies and a 90 day hiring freeze. These offices also realized savings due to grants not fully expended at year-end.
  - Environmental and Development Services: the department was under budget due to vacancies, a 90 day hiring freeze and unspent funds set aside for the demolition of structures.
  - Finance and Planning: the department was under budget due to vacancies and a 90 day hiring freeze; savings from funds set aside for network and technology enhancements yet to occur; and economic development incentives set aside for future purposes.
  - General Services: this department realized savings from personnel vacancies and a 90 day hiring freeze. Also, utility charges for electricity, heating, water and sewer usage came in below budget.
  - Community Services: the department had savings from holding positions vacant during the year and from a significant federal CDBG grant not fully expended at year-end.
  - Non-departmental: the budget underage primarily reflects lower payments for compensated absences for employee terminations.
  - Capital Outlay: the budget underage was due to the timing of projects.
  - Transfers Out: savings resulted from using existing fund balances in the special revenue funds to assist with the local matches for Social Services and Head Start programs. Additional savings were also realized from funding set aside for future other post-employment benefits.

## **GOVERNMENTAL FUNDS**

The County maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Tourism, Education Debt Service, Yorktown Capital Improvements and County Capital Funds, all of which are considered to be major funds. The Tourism Fund accounts for transactions related to the lodging tax restricted by the State for tourism activities.



The Education Debt Service accounts for the receipt and payment of bonds and loans issued for the construction and maintenance of educational facilities and equipment. The Yorktown Capital Improvements and County Capital Funds account for major capital improvements.

For fiscal year ended June 30, 2012, the Tourism Fund had an increase in fund balance of \$148,573. The Yorktown Capital Improvements Fund had an increase in fund balance of \$207,821, mainly due to transfers in, and a year-end deficit of \$7,308,883. The County Capital Fund had an increase in fund balance of \$172,331.

## **PROPRIETARY FUNDS**

The County currently operates eight enterprise funds and two internal service funds. The enterprise funds provide the means to account for the operations of the County-operated utilities, the two sanitary districts, the County solid waste disposal activity, the operations at Yorktown and the operations of the Regional Radio System.

The internal service funds are used to account for the operation of the centralized motor vehicle pool and for subsidy payments for eligible retirees towards health insurance coverage.

The Sewer Utility Fund earned \$7,938,010 through charges for services. The Vehicle Maintenance Fund (internal service fund) collects its revenues through charges for services imposed on the various County departments to which fleet vehicles are assigned. The expenses relate directly to the maintenance and depreciation of the County's fleet of vehicles. The Other Post-Employment Benefits Fund (OPEB), also an internal service fund, allows for subsidy payments for County retirees towards health insurance coverage in a plan sponsored by the County.

The enterprise funds in the aggregate had an increase in net assets during the fiscal period of \$383,921, and the internal service funds reported a decrease in net assets of \$98,411. The net assets for the enterprise funds and internal service funds were \$103,948,354 and \$5,874,524, respectively, at the end of the fiscal year.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of fiscal year 2012, the County's investment in capital assets for its governmental and business-type activities amounts to \$200,397,303 (net of accumulated depreciation and amortization). This investment in capital assets includes land, easements, construction in progress, land improvements, buildings and improvements, infrastructure, equipment, vehicles and computer software. The increase in governmental activities is mainly attributable to buildings and improvements and equipment.

The County does not own its roads and they are therefore not included in the capital assets. In addition, the School Division owns school buildings and the related debt is County debt. For this reason, the assets are reflected in the statement of net assets of the component unit School Division, while the related debt is reflected in the statement of net assets of the County.

The increase in capital assets for business-type activities is driven by developers donating sewer systems to the County, the completion of Falcon/Loblolly, Darby Firby and York Point, and the additional phases of the Queens Lake Sewer project, captured in construction in progress.

## Governmental Funds - Capital Assets, Net of Depreciation and Amortization

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY2012</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2011</u>
Land	\$ 9,279,019	\$ 9,267,219	\$ 3,936,755	\$ 3,723,250	\$ 13,215,774	\$ 12,990,469
Easements	476,023	476,023	250,973	15,397	726,996	491,420
Construction in progress	2,043,679	5,380,379	7,369,415	11,573,488	9,413,094	16,953,867
Land improvements	14,303,051	14,878,286	28,159	30,018	14,331,210	14,908,304
Buildings and improvements	34,345,911	33,205,683	8,050,596	8,742,871	42,396,507	41,948,554
Infrastructure	10,798,887	11,189,822	90,786,606	81,247,479	101,585,493	92,437,301
Equipment	8,842,655	8,451,906	1,650,989	1,973,655	10,493,644	10,425,561
Vehicles	7,254,215	7,787,316	665,590	654,981	7,919,805	8,442,297
Computer software	281,141	305,622	33,639	41,114	314,780	346,736
Total	<u>\$ 87,624,581</u>	<u>\$ 90,942,256</u>	<u>\$ 112,772,722</u>	<u>\$ 108,002,253</u>	<u>\$ 200,397,303</u>	<u>\$ 198,944,509</u>

## Capital Project Funds

The capital project funds are used by the County to acquire and construct major capital projects.

### *Yorktown Capital Improvements Fund*

For fiscal year 2012, \$200,000 was transferred to the Yorktown Capital Improvements Fund from the Tourism Fund to pay down an advance. This fund had a (\$7,308,883) deficit at June 30, 2012, resulting from advances from the Tourism Fund.

### *County Capital Fund*

For fiscal year 2012, transfers of \$927,363 were comprised of a \$795,851 transfer from the General Fund for future projects and \$131,512 from the Education Debt Service Fund of bond proceeds to reimburse the County for monies advanced for a school project. Capital project expenditures of \$2,659,027 included the following major projects: payments to the Economic Development Authority for a capital project, transportation projects, public safety equipment, video services equipment and roof and building repairs.

Additional information on the County's capital assets can be found in note 5 beginning on page F-15 of this report.

## Long-Term Debt

At the end of the fiscal year, the County had total bonded debt and literary loans of \$109,892,903. Capital leases, the School Division's note payable to the Virginia Retirement System, compensated absences and net OPEB obligation are not included in these figures.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY2012</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2011</u>
Bonds payable	\$ 87,322,019	\$ 85,616,822	\$ 22,570,884	\$ 22,984,594	\$ 109,892,903	\$ 108,601,416
Literary loans	-	100,000	-	-	-	100,000
Total	<u>\$ 87,322,019</u>	<u>\$ 85,716,822</u>	<u>\$ 22,570,884</u>	<u>\$ 22,984,594</u>	<u>\$ 109,892,903</u>	<u>\$ 108,701,416</u>

On May 10, 2012, the County issued \$6,925,000 general obligation bonds with an average interest rate of 3.80% through the Virginia Public School Authority. The net proceeds from the bonds were used for the replacement of the HVAC system at Coventry Elementary School and New Horizons Regional Education Center, the replacement of the roof at Grafton Bethel Elementary School and the gymnasium at Coventry Elementary School, classroom additions at Tabb Elementary School and a gymnasium at the Grafton Complex. The accounting for this transaction was recorded in the Education Debt Service Fund.

Under Virginia state law, school divisions do not have the authority to issue debt. Therefore, all school debt is issued by and is a liability of the County. In fiscal year 2012, the County paid debt service of \$4,962,388 and \$2,650,314 for education related principal and interest and fiscal charges, respectively, through the Education Debt Service Fund.

The County continues to maintain an excellent bond rating for local governmental jurisdictions of its type and size. The rating assigned by Standard & Poor's Corporation is AA+ and Moody's is Aa2 for debt backed by the full faith and credit of the County and for the lease revenue bonds issued in December 2008.

Additional information on the County's long-term debt can be found in note 7 beginning on page F-18 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND TAX RATES**

The County's staff and Board of Supervisors considered many factors when developing the fiscal year 2013 budget. The fiscal year 2013 approved budget for the General Fund is \$127,192,670, a 3.4% increase from the fiscal year 2012 budget. Local revenue, which includes property tax, was expected to increase from fiscal year 2012 by 3.9%. The projected increase in real estate is due to raising the tax rate from \$0.6575 per \$100 of assessed valuation to \$0.7415. Taxes on machinery and tools are expected to decrease significantly due to the closing of a large refinery. State and federal revenues comprise about 10.5% of the total. State revenues are expected to be up by \$9,742 or .1%. Federal revenues are projected to increase by \$95,200 or 46.1% due to a reclassification for an indirect cost reimbursement.

The final approved budget resulted in a \$4.2 million General Fund increase, which included a real estate tax rate increase of 8.40 cents for calendar year 2012. The fiscal year 2013 budget provides no new initiatives and focuses on maintaining County services. The budget includes a compensation package that adjusts for health insurance and group life rate increases and a change in State legislation, resulting in a shift of 5% of the VRS contribution to employees and providing a 5% wage increase to those same full-time employees. It also delays General Fund capital projects for another year, with critical maintenance projects funded from the County Capital Fund.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Sharon B. Day, CPA, Chief of Budget and Financial Reporting, P.O. Box 532, Yorktown, VA 23690, telephone (757) 890-3700.

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**COUNTY OF YORK, VIRGINIA**

Statement of Net Assets

June 30, 2012

ASSETS	Primary Government			Discretely Presented Component Units		
	Governmental Activities	Business-type Activities	Total	School Division	Economic Development Authority	Community Development Authority
Cash and investments	\$ 80,395,219	\$ 15,360,738	\$ 95,755,957	\$ 14,343,012	\$ 462,067	\$ -
Restricted cash	162,633	2,516,636	2,679,269	7,740,061	9,609	2,844,380
Receivables, net	17,278,942	4,132,832	21,411,774	2,369,649	1,666,114	788
Due from component unit - EDA	-	68,301	68,301	-	-	-
Due from primary government	-	-	-	10,813,023	-	156,968
Prepaid expenses	299,438	11,153	310,591	-	22	1,200
Other assets	-	-	-	-	1,100,749	-
Internal balances	2,920,255	(2,920,255)	-	-	-	-
Deferred charges	645,604	484,490	1,130,094	-	-	295,740
Less accumulated amortization	(166,888)	(71,798)	(238,686)	-	-	(15,167)
Capital assets:						
Nondepreciable/nonamortizable	11,798,721	11,557,143	23,355,864	5,398,687	-	21,731,827
Depreciable/amortizable	121,065,333	149,845,982	270,911,315	192,056,909	860,517	9,000
Less accumulated depreciation/amortization	(45,239,473)	(48,630,403)	(93,869,876)	(67,116,033)	(14,470)	(9,000)
Total assets	\$ 189,159,784	\$ 132,354,819	\$ 321,514,603	\$ 165,605,308	\$ 4,084,608	\$ 25,015,736
<b>LIABILITIES</b>						
Accounts payable	\$ 3,913,979	\$ 1,493,685	\$ 5,407,664	\$ 2,070,833	\$ 6,142	\$ 148,140
Retainage payable	45,559	118,645	164,204	73,192	-	-
Deposits payable	1,021,672	159,554	1,181,226	-	9,609	-
Salaries, taxes and benefits payable	2,538,089	292,540	2,830,629	13,870,632	-	-
Unearned revenue	3,681,139	2,086,372	5,767,511	98,558	22	-
Due to component unit - School Division	10,813,023	-	10,813,023	-	-	-
Due to component unit - CDA	156,968	-	156,968	-	-	-
Due to primary government	-	-	-	-	68,301	-
Accrued interest payable	1,427,493	104,698	1,532,191	-	431,525	531,475
Noncurrent liabilities:						
Due within one year	6,678,580	754,440	7,433,020	1,610,000	843,004	-
Due in more than one year	91,561,854	23,396,531	114,958,385	4,363,789	300,032	28,875,000
Total liabilities	121,838,356	28,406,465	150,244,821	22,087,004	1,658,635	29,554,615
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	57,208,246	91,705,008	148,913,254	130,339,563	846,047	(4,462,600)
Restricted for:						
Public safety	767,488	-	767,488	-	-	-
Tourism	383,720	-	383,720	-	-	-
Judicial services	40,549	-	40,549	-	-	-
Community services	36,183	-	36,183	-	-	-
Other purposes	7,186	-	7,186	-	-	-
Debt service	-	175,632	175,632	-	-	864
Capital projects	-	6,455	6,455	7,740,061	-	-
Food service	-	-	-	539,929	-	-
Unrestricted	8,878,056	12,061,259	20,939,315	4,898,751	1,579,926	(77,143)
Total net assets	67,321,428	103,948,354	171,269,782	143,518,304	2,425,973	(4,538,879)
Total liabilities and net assets	\$ 189,159,784	\$ 132,354,819	\$ 321,514,603	\$ 165,605,308	\$ 4,084,608	\$ 25,015,736

The accompanying notes are an integral part of the basic financial statements.

**COUNTY OF YORK, VIRGINIA**  
Statement of Activities  
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets			Discretely Presented Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			School Division	Economic Development Authority	Community Development Authority
					Governmental Activities	Business-type Activities	Total			
<b>Primary government:</b>										
Governmental activities:										
General government	\$ 3,852,265	\$ 77,019	\$ 65,017	\$ 1,134,720	\$ (2,575,509)	\$ -	\$ (2,575,509)	\$ -	\$ -	\$ -
Judicial services	2,983,284	854,103	1,289,940	7,944	(831,297)	-	(831,297)	-	-	-
Public safety	30,651,085	3,408,661	3,322,267	865,244	(23,054,913)	-	(23,054,913)	-	-	-
Environmental and development services	5,110,799	403,657	1,920	-	(4,705,222)	-	(4,705,222)	-	-	-
Finance and planning	9,246,805	411,139	326,042	-	(8,509,624)	-	(8,509,624)	-	-	-
Education	55,589,523	59,587	564,748	171,553	(54,793,635)	-	(54,793,635)	-	-	-
Human services	8,250,918	289,378	4,397,528	-	(3,564,012)	-	(3,564,012)	-	-	-
General services	7,185,728	1,181,949	35,194	-	(5,968,585)	-	(5,968,585)	-	-	-
Community services	6,667,688	443,227	143,677	547,556	(5,533,228)	-	(5,533,228)	-	-	-
Interest and fiscal charges on noncurrent debt	4,048,324	-	-	-	(4,048,324)	-	(4,048,324)	-	-	-
Total governmental activities	133,586,419	7,128,720	10,146,333	2,727,017	(113,584,349)	-	(113,584,349)	-	-	-
Business-type activities:										
Sewer Utility	10,467,392	7,938,010	426,200	794,263	-	(1,308,919)	(1,308,919)	-	-	-
Water Utility	346,275	333,534	-	100,000	-	87,259	87,259	-	-	-
Solid Waste	5,599,987	3,505,246	916,350	-	-	(1,178,391)	(1,178,391)	-	-	-
Yorktown Operations	112,258	87,353	-	-	-	(24,905)	(24,905)	-	-	-
Sanitary Districts	431,544	-	-	-	-	(431,544)	(431,544)	-	-	-
Regional Radio System	2,024,644	1,259,130	-	169,189	-	(596,325)	(596,325)	-	-	-
Total business-type activities	18,982,100	13,123,273	1,342,550	1,063,452	-	(3,452,825)	(3,452,825)	-	-	-
Total primary government	\$ 152,568,519	\$ 20,251,993	\$ 11,488,883	\$ 3,790,469	(113,584,349)	(3,452,825)	(117,037,174)	-	-	-
<b>Component units:</b>										
School Division	\$ 125,707,233	\$ 3,219,597	\$ 59,233,478	\$ -	-	-	-	(63,254,158)	-	-
Economic Development Authority	431,722	315,888	-	-	-	-	-	-	(115,834)	-
Community Development Authority	2,644,382	-	-	109,196	-	-	-	-	-	(2,535,186)
Total component units	\$ 128,783,337	\$ 3,535,485	\$ 59,233,478	\$ 109,196	-	-	-	(63,254,158)	(115,834)	(2,535,186)
<b>General revenues:</b>										
Taxes:										
Property taxes					76,373,509	-	76,373,509	-	-	-
Local sales and use taxes					9,425,492	-	9,425,492	-	-	-
Hotel and motel room taxes					4,221,304	-	4,221,304	-	-	-
Restaurant food taxes					5,321,843	-	5,321,843	-	-	-
Business license taxes					5,855,061	-	5,855,061	-	-	-
Motor vehicle licenses					1,523,082	-	1,523,082	-	-	-
Taxes on recordation and wills					1,604,286	-	1,604,286	-	-	-
Other local taxes					1,969,937	-	1,969,937	-	-	-
Personal property tax relief from Commonwealth of Virginia, net Local Aid to Commonwealth					8,485,927	-	8,485,927	-	-	-
Payment from primary government					-	-	-	52,761,202	269,110	1,108,082
Unrestricted shared intergovernmental revenues					-	-	-	12,272,494	-	-
Unrestricted investment earnings					174,000	66,982	240,982	13,633	10,799	-
Miscellaneous					414,057	30,039	444,096	277,270	21,207	-
Gain on sale of capital assets					28,907	-	28,907	-	-	-
Transfers					(3,739,725)	3,739,725	-	-	-	-
Total general revenues and transfers					111,657,680	3,836,746	115,494,426	65,324,599	301,116	1,108,082
Change in net assets					(1,926,669)	383,921	(1,542,748)	2,070,441	185,282	(1,427,104)
Net assets, beginning (as restated)					69,248,097	103,564,433	172,812,530	141,447,863	2,240,691	(3,111,775)
Net assets, ending					\$ 67,321,428	\$ 103,948,354	\$ 171,269,782	\$ 143,518,304	\$ 2,425,973	\$ (4,538,879)

The accompanying notes are an integral part of the basic financial statements.



**COUNTY OF YORK, VIRGINIA**

Balance Sheet  
Governmental Funds  
June 30, 2012

ASSETS	General	Tourism Special Revenue	Education Debt Service	Capital Project		Nonmajor Governmental Funds	Total Governmental Funds
				Yorktown Capital Improvements	County Capital		
Cash and investments	\$ 57,191,241	\$ 268,163	\$ -	\$ 303,456	\$ 14,714,335	\$ 1,887,554	\$ 74,364,749
Restricted cash	31,121	-	131,512	-	-	-	162,633
Receivables, net	12,878,940	134,601	-	1,574,696	1,785,888	1,099,525	17,473,650
Due from other funds	490,431	16,215	-	-	136,180	431,293	1,074,119
Prepaid expenditures	86,782	-	-	-	201,943	9,033	297,758
Advances to other funds	10,491,838	7,950,000	-	-	-	-	18,441,838
Total assets	<u>\$ 81,170,353</u>	<u>\$ 8,368,979</u>	<u>\$ 131,512</u>	<u>\$ 1,878,152</u>	<u>\$ 16,838,346</u>	<u>\$ 3,427,405</u>	<u>\$ 111,814,747</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 1,770,610	\$ 241,522	\$ -	\$ -	\$ 1,428,161	\$ 242,129	\$ 3,682,422
Retainage payable	-	-	-	-	-	45,559	45,559
Deposits payable	1,009,890	-	-	-	11,782	-	1,021,672
Salaries, taxes and benefits payable	2,188,627	3,125	-	-	-	256,627	2,448,379
Deferred revenue	6,449,606	19,137	-	1,237,035	1,404,489	529,367	9,639,634
Due to other funds	651,863	-	131,512	-	-	-	783,375
Due to component unit - School Division	10,813,023	-	-	-	-	-	10,813,023
Due to component unit - CDA	-	-	-	-	-	156,968	156,968
Advances from other funds	-	7,741,838	-	7,950,000	-	-	15,691,838
Total liabilities	<u>22,883,619</u>	<u>8,005,622</u>	<u>131,512</u>	<u>9,187,035</u>	<u>2,844,432</u>	<u>1,230,650</u>	<u>44,282,870</u>
Fund balances (deficit):							
Nonspendable	10,578,620	-	-	-	201,943	9,033	10,789,596
Restricted	781,934	363,357	-	-	54,153	15,319	1,214,763
Committed	12,380,970	-	-	-	-	851,246	13,232,216
Assigned	18,997,964	-	-	-	13,737,818	1,321,157	34,056,939
Unassigned	15,547,246	-	-	(7,308,883)	-	-	8,238,363
Total fund balances (deficit)	<u>58,286,734</u>	<u>363,357</u>	<u>-</u>	<u>(7,308,883)</u>	<u>13,993,914</u>	<u>2,196,755</u>	<u>67,531,877</u>
Total liabilities and fund balances	<u>\$ 81,170,353</u>	<u>\$ 8,368,979</u>	<u>\$ 131,512</u>	<u>\$ 1,878,152</u>	<u>\$ 16,838,346</u>	<u>\$ 3,427,405</u>	<u>\$ 111,814,747</u>

The accompanying notes are an integral part of the basic financial statements.

**COUNTY OF YORK, VIRGINIA**

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets**  
**June 30, 2012**

Fund balances - Total governmental funds \$ 67,531,877

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental fund activities are not financial resources and, therefore, are not reported in the funds. 84,341,462

Other noncurrent assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 5,631,438

Costs incurred from the issuance of long-term debt are recognized as expenditures in the fund statements, but are deferred in the government-wide statements.

Bond issuance costs	\$ 645,604	
Less accumulated amortization	<u>(166,888)</u>	478,716

Internal service funds are used by management to provide certain goods and services to governmental funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets.

Assets

Current assets	6,169,677
Capital assets	6,775,706
Less accumulated depreciation/amortization	<u>(3,492,587)</u>
	9,452,796

Liabilities	<u>(3,578,272)</u>	5,874,524
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Noncurrent liabilities are not due and payable in the current period and therefore are not reported in the funds.

Accrued interest payable	(1,427,493)	
General obligation bonds, net	(59,822,805)	
Capital leases	(2,917,121)	
Lease revenue bonds, net	(27,499,214)	
Note payable	(719,393)	
Compensated absences	<u>(4,150,563)</u>	<u>(96,536,589)</u>

Total net assets - Statement of Net Assets \$ 67,321,428

The accompanying notes are an integral part of the basic financial statements.

**COUNTY OF YORK, VIRGINIA**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2012

			<b>Capital Project</b>				
	<b>General</b>	<b>Tourism Special Revenue</b>	<b>Education Debt Service</b>	<b>Yorktown Capital Improvements</b>	<b>County Capital</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>							
General property taxes	\$ 77,768,475	\$ -	\$ -	\$ -	\$ -	\$ 404,217	\$ 78,172,692
Other local taxes	26,288,494	3,006,349	-	-	-	703,079	29,997,922
Intergovernmental:							
Federal	1,300,620	-	59,472	-	1,899,254	2,987,863	6,247,209
State	13,109,652	-	-	-	43,653	1,319,696	14,473,001
Permits, fees, and licenses	468,190	-	-	-	-	-	468,190
Fines and forfeitures	387,560	-	-	-	-	-	387,560
Use of money and property	360,744	1,889	-	11,521	54,785	9,503	438,442
Charges for services	3,744,737	-	-	-	-	27,942	3,772,679
Miscellaneous	464,913	-	-	-	308,586	5,630	779,129
Recovered costs	1,517,482	4,000	505,609	-	100,000	251,678	2,378,769
Total revenues	<u>125,410,867</u>	<u>3,012,238</u>	<u>565,081</u>	<u>11,521</u>	<u>2,406,278</u>	<u>5,709,608</u>	<u>137,115,593</u>
<b>EXPENDITURES</b>							
Current:							
General government	2,011,421	-	-	-	-	-	2,011,421
Judicial services	2,623,643	-	-	-	-	6,888	2,630,531
Public safety	27,595,816	-	-	-	-	-	27,595,816
Environmental and development services	3,441,640	-	-	-	-	-	3,441,640
Finance and planning	7,687,712	134,687	-	-	-	-	7,822,399
Education	47,463,551	-	7,808,129	-	-	-	55,271,680
Human services	1,335,847	-	-	-	-	6,539,609	7,875,456
General services	6,747,125	-	-	-	-	-	6,747,125
Community services	3,329,002	1,942,974	-	-	-	-	5,271,976
Non-departmental	1,470,009	-	-	-	-	808,082	2,278,091
Capital outlay	286,706	-	-	3,700	2,659,027	1,142,332	4,091,765
Debt service:							
Principal retirement	3,804	25,711	4,962,388	-	305,598	1,604,360	6,901,861
Interest and fiscal charges	335	-	2,650,314	-	-	1,427,413	4,078,062
Other costs of debt issuance	-	-	41,814	-	-	-	41,814
Total expenditures	<u>103,996,611</u>	<u>2,103,372</u>	<u>15,462,645</u>	<u>3,700</u>	<u>2,964,625</u>	<u>11,528,684</u>	<u>136,059,637</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,414,256</u>	<u>908,866</u>	<u>(14,897,564)</u>	<u>7,821</u>	<u>(558,347)</u>	<u>(5,819,076)</u>	<u>1,055,956</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Insurance recovery	32,951	-	-	-	3,315	1,328	37,594
Transfers in	300,000	-	7,056,620	200,000	927,363	5,534,829	14,018,812
Issuance of debt	-	-	6,925,000	-	-	-	6,925,000
Premium on issuance of debt	-	-	1,047,456	-	-	-	1,047,456
Sale of capital and other assets	11,000	-	-	-	-	-	11,000
Transfers out	(17,693,715)	(760,293)	(131,512)	-	(200,000)	(300,000)	(19,085,520)
Total other financing sources and uses	<u>(17,349,764)</u>	<u>(760,293)</u>	<u>14,897,564</u>	<u>200,000</u>	<u>730,678</u>	<u>5,236,157</u>	<u>2,954,342</u>
Net change in fund balance	4,064,492	148,573	-	207,821	172,331	(582,919)	4,010,298
Fund balance (deficit), beginning of year	54,222,242	214,784	-	(7,516,704)	13,821,583	2,779,674	63,521,579
Fund balance (deficit), end of year	<u>\$ 58,286,734</u>	<u>\$ 363,357</u>	<u>\$ -</u>	<u>\$ (7,308,883)</u>	<u>\$ 13,993,914</u>	<u>\$ 2,196,755</u>	<u>\$ 67,531,877</u>

The accompanying notes are an integral part of the basic financial statements.

**COUNTY OF YORK, VIRGINIA**  
Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2012

Net change in fund balances - total governmental funds \$ 4,010,298

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and the loss on disposal of capital assets in the current period.

Capital outlay expenditures	\$ 2,437,624	
Depreciation and amortization expenses	(5,171,572)	
Loss on disposal of capital assets	<u>(482,712)</u>	(3,216,660)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Deferred revenue decreased by this amount in the current year. (1,960,947)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has an effect on net assets. Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items.

Issuance of debt	(6,925,000)	
Premium on issuance of debt	(1,047,456)	
Costs of debt issuance	41,814	
Principal repayments	6,901,861	
Amortization of premium on issuance of noncurrent debt	201,799	
Amortization of discount on issuance of noncurrent debt	(14,540)	
Amortization of debt issuance costs	<u>(44,627)</u>	(886,149)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued interest payable	88,905	
Compensated absences	<u>136,295</u>	225,200

The vehicle maintenance internal service fund is used by management to charge the costs of fleet management to individual funds. The net loss of this internal service fund is reported with governmental activities. (98,411)

Change in net assets of governmental activities \$ (1,926,669)

The accompanying notes are an integral part of the basic financial statements.

**COUNTY OF YORK, VIRGINIA**

Statement of Net Assets

Proprietary Funds

June 30, 2012

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Sewer Utility</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 11,913,862	\$ 3,446,876	\$ 15,360,738	\$ 6,030,470
Restricted cash	2,516,636	-	2,516,636	-
Receivable, net	2,256,145	1,876,687	4,132,832	137,527
Due from other funds	217,995	-	217,995	-
Due from component unit - EDA	-	68,301	68,301	-
Prepaid expenses	9,155	1,998	11,153	1,680
Total current assets	<u>16,913,793</u>	<u>5,393,862</u>	<u>22,307,655</u>	<u>6,169,677</u>
Noncurrent assets:				
Deferred charges	484,490	-	484,490	-
Less accumulated amortization	(71,798)	-	(71,798)	-
Nondepreciable capital assets:				
Land	491,353	3,445,402	3,936,755	-
Construction in progress	4,427,357	2,942,058	7,369,415	78,382
Easements	250,973	-	250,973	-
Depreciable capital assets:				
Land improvements	37,155	-	37,155	221,446
Buildings and improvements	13,726,859	5,329,046	19,055,905	-
Infrastructure	100,647,656	23,422,860	124,070,516	-
Equipment	4,089,096	922,808	5,011,904	1,289,063
Vehicles	951,254	666,921	1,618,175	5,186,815
Computer software	52,327	-	52,327	-
Less accumulated depreciation	(27,210,753)	(21,400,962)	(48,611,715)	(3,492,587)
Less accumulated amortization	(18,688)	-	(18,688)	-
Total noncurrent assets	<u>97,857,281</u>	<u>15,328,133</u>	<u>113,185,414</u>	<u>3,283,119</u>
Total assets	<u>\$ 114,771,074</u>	<u>\$ 20,721,995</u>	<u>\$ 135,493,069</u>	<u>\$ 9,452,796</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 1,017,109	\$ 476,576	\$ 1,493,685	\$ 231,557
Retainage payable	94,948	23,697	118,645	-
Deposits payable	159,554	-	159,554	-
Salaries, taxes and benefits payable	235,595	56,945	292,540	89,710
Unearned revenue	2,076,924	9,448	2,086,372	5,178
Due to other funds	-	388,250	388,250	120,489
Accrued interest payable	104,698	-	104,698	-
Revenue bonds - current	458,359	-	458,359	-
Capital leases - current	290,446	-	290,446	-
Compensated absences - current	4,430	1,205	5,635	2,300
Total current liabilities	<u>4,442,063</u>	<u>956,121</u>	<u>5,398,184</u>	<u>449,234</u>
Noncurrent liabilities:				
Revenue bonds - net current	22,112,525	-	22,112,525	-
Capital leases - net current	940,170	-	940,170	-
Compensated absences - net current	321,696	22,140	343,836	75,698
Net OPEB obligation	-	-	-	3,053,340
Advance from other fund	-	2,750,000	2,750,000	-
Total noncurrent liabilities	<u>23,374,391</u>	<u>2,772,140</u>	<u>26,146,531</u>	<u>3,129,038</u>
Total liabilities	<u>27,816,454</u>	<u>3,728,261</u>	<u>31,544,715</u>	<u>3,578,272</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	76,376,875	15,328,133	91,705,008	3,283,119
Restricted for debt service	175,632	-	175,632	-
Restricted for capital projects	6,455	-	6,455	-
Unrestricted	<u>10,395,658</u>	<u>1,665,601</u>	<u>12,061,259</u>	<u>2,591,405</u>
Total net assets	<u>86,954,620</u>	<u>16,993,734</u>	<u>103,948,354</u>	<u>5,874,524</u>
Total liabilities and net assets	<u>\$ 114,771,074</u>	<u>\$ 20,721,995</u>	<u>\$ 135,493,069</u>	<u>\$ 9,452,796</u>

The accompanying notes are an integral part of the basic financial statements.

**COUNTY OF YORK, VIRGINIA**  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2012

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Sewer Utility</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Operating Revenues</b>				
Use of property	\$ -	\$ 1,300,804	\$ 1,300,804	\$ -
Charges for services	7,938,010	3,884,459	11,822,469	4,082,035
Miscellaneous	5,382	17,842	23,224	46,924
Total operating revenues	<u>7,943,392</u>	<u>5,203,105</u>	<u>13,146,497</u>	<u>4,128,959</u>
<b>Operating Expenses</b>				
Personal services	3,289,786	722,758	4,012,544	2,142,918
Contractual services	1,223,310	6,765,311	7,988,621	374,991
Materials and supplies	1,525,116	463,172	1,988,288	2,527,615
Depreciation	3,034,172	546,487	3,580,659	594,809
Amortization	61,125	10,215	71,340	-
Total operating expenses	<u>9,133,509</u>	<u>8,507,943</u>	<u>17,641,452</u>	<u>5,640,333</u>
Operating loss	<u>(1,190,117)</u>	<u>(3,304,838)</u>	<u>(4,494,955)</u>	<u>(1,511,374)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Federal subsidy for interest on debt	299,039	-	299,039	-
Grant income	127,161	1,085,539	1,212,700	31,594
Interest income	52,562	14,420	66,982	19,518
Amortization of debt premium	6,815	-	6,815	-
Interest and fiscal charges	(1,333,883)	(6,765)	(1,340,648)	-
Gain on disposal of capital assets	-	-	-	28,907
Total nonoperating revenues (expenses)	<u>(848,306)</u>	<u>1,093,194</u>	<u>244,888</u>	<u>80,019</u>
Loss before contributions and transfers	<u>(2,038,423)</u>	<u>(2,211,644)</u>	<u>(4,250,067)</u>	<u>(1,431,355)</u>
<b>Capital Contributions</b>	794,263	100,000	894,263	5,961
<b>Transfers In</b>	1,734,227	2,005,508	3,739,735	1,326,983
<b>Transfers Out</b>	<u>(10)</u>	<u>-</u>	<u>(10)</u>	<u>-</u>
Change in net assets	490,057	(106,136)	383,921	(98,411)
Total net assets, beginning of year	<u>86,464,563</u>	<u>17,099,870</u>	<u>103,564,433</u>	<u>5,972,935</u>
Total net assets, end of year	<u>\$ 86,954,620</u>	<u>\$ 16,993,734</u>	<u>\$ 103,948,354</u>	<u>\$ 5,874,524</u>

The accompanying notes are an integral part of the basic financial statements.



**COUNTY OF YORK, VIRGINIA**  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2012

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Sewer Utility</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 8,930,221	\$ 3,999,596	\$ 12,929,817	\$ 4,066,410
Receipts from interfund activity	-	18,308	18,308	99
Other receipts	5,382	17,842	23,224	52,102
Payments to suppliers for goods and services	(2,705,651)	(7,049,813)	(9,755,464)	(2,723,517)
Payments to employees for services	(3,302,822)	(723,292)	(4,026,114)	(1,040,320)
Payments for interfund activity	(113,010)	-	(113,010)	(272,685)
Net cash provided by (used in) operating activities	<u>2,814,120</u>	<u>(3,737,359)</u>	<u>(923,239)</u>	<u>82,089</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Grant income	127,161	916,350	1,043,511	31,594
Transfers in	-	2,661,051	2,661,051	1,326,983
Transfers out	(10)	-	(10)	-
Net cash provided by noncapital financing activities	<u>127,151</u>	<u>3,577,401</u>	<u>3,704,552</u>	<u>1,358,577</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Transfers in	1,734,227	519,384	2,253,611	-
Capital grant	100,000	269,189	369,189	-
Acquisition and construction of capital assets	(6,991,449)	(672,891)	(7,664,340)	(552,541)
Net proceeds from the disposal of capital assets	-	-	-	93,615
Federal subsidy for interest on debt	299,039	-	299,039	-
Principal paid on capital debt	(722,394)	(195,000)	(917,394)	-
Interest paid on capital debt	(1,334,995)	(8,044)	(1,343,039)	-
Net cash provided by (used in) capital and related financing activities	<u>(6,915,572)</u>	<u>(87,362)</u>	<u>(7,002,934)</u>	<u>(458,926)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	52,562	14,420	66,982	19,233
Net cash provided by investing activities	<u>52,562</u>	<u>14,420</u>	<u>66,982</u>	<u>19,233</u>
Net increase (decrease) in cash and cash equivalents	(3,921,739)	(232,900)	(4,154,639)	1,000,973
Cash and cash equivalents, beginning of year	18,352,237	3,679,776	22,032,013	5,029,497
Cash and cash equivalents, end of year	<u>\$ 14,430,498</u>	<u>\$ 3,446,876</u>	<u>\$ 17,877,374</u>	<u>\$ 6,030,470</u>
<b>Reconciliation of cash and cash equivalents to the Statement of Net Assets:</b>				
Cash and investments	\$ 11,913,862	\$ 3,446,876	\$ 15,360,738	\$ 6,030,470
Restricted cash	2,516,636	-	2,516,636	-
Cash and cash equivalents, end of year	<u>\$ 14,430,498</u>	<u>\$ 3,446,876</u>	<u>\$ 17,877,374</u>	<u>\$ 6,030,470</u>
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities:</b>				
Operating loss	\$ (1,190,117)	\$ (3,304,838)	\$ (4,494,955)	\$ (1,511,374)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	3,034,172	546,487	3,580,659	594,809
Amortization	61,125	10,215	71,340	-
Decrease (increase) in:				
Receivables	(1,000,053)	(1,153,516)	(2,153,569)	(34,319)
Due from other funds	(113,010)	-	(113,010)	-
Due from component unit - EDA	-	(41,576)	(41,576)	-
Prepaid expenses	35,409	8,202	43,611	7,096
Increase (decrease) in:				
Accounts payable	105,068	154,973	260,041	179,089
Retainage payable	(62,247)	23,697	(38,550)	-
Deposits payable	(46)	-	(46)	-
Salaries, taxes and benefits payable	(42,552)	(7,638)	(50,190)	(272)
Unearned revenue	1,992,264	9,425	2,001,689	5,178
Due to other funds	-	18,308	18,308	(272,586)
Compensated absences	(5,893)	(1,098)	(6,991)	(1,052)
Net OPEB obligation	-	-	-	1,115,520
Net cash provided by (used in) operating activities	<u>\$ 2,814,120</u>	<u>\$ (3,737,359)</u>	<u>\$ (923,239)</u>	<u>\$ 82,089</u>
<b>Noncash investing, capital, and financing activities:</b>				
Contributions of capital assets	<u>\$ 694,263</u>	<u>\$ -</u>	<u>\$ 694,263</u>	<u>\$ 5,961</u>

The accompanying notes are an integral part of the basic financial statements.

**COUNTY OF YORK, VIRGINIA**  
Statement of Assets and Liabilities  
Agency Funds  
June 30, 2012

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and investments	\$ 3,562,947
Other receivables	<u>32,754</u>
Total assets	<u><u>\$ 3,595,701</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 227,789
Salaries, taxes and benefits payable	513,192
Amounts held for others	<u>2,854,720</u>
Total liabilities	<u><u>\$ 3,595,701</u></u>

The accompanying notes are an integral part of the basic financial statements.

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

York County, which was originally named Charles River County, was one of Virginia's eight original "shires" formed in 1634. It was renamed nine years later in 1643 when the river that determines the County's character was also given the name of the then Duke of York. York County has played a major role in the development of this nation. Most importantly, it was the location of the culminating battle of the Revolutionary War and the subsequent surrender of Lord Cornwallis and his British army on October 19, 1781.

The County of York, Virginia (the County) is organized under the traditional form of government (as defined under Virginia Law). The governing body of the County is the Board of Supervisors that establishes policies for the administration of the County. The Board of Supervisors comprises five members: one member from each of five districts, elected for a four-year term by the voters of the district in which the member resides. The Board of Supervisors appoints a County Administrator to act as the administrative head of the County.

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. The County's significant accounting and reporting policies are described below.

**The Reporting Entity**

The County's financial reporting entity is defined and its financial statements are presented in accordance with GASB Statement No.14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units. This Statement defines the distinction between the County as a primary government and its related entities.

The financial reporting entity consists of the primary government and its discretely presented component units, which are legally, separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government. The primary government may also be financially accountable if the component unit is fiscally dependent on the primary government regardless of whether the component unit has a separately elected governing board.

As such, the York County School Division (the School Division), the Economic Development Authority of York County (EDA) and the Marquis Community Development Authority (CDA) are reported as separate and discretely presented component units in the County's reporting entity. The primary government is hereafter referred to as the "County" and the reporting entity, which includes the County and its component units, is hereafter referred to as the "Reporting Entity."

As required by GAAP, the accompanying basic financial statements include all activities of the County. The component unit columns in the basic financial statements include the financial data of the County's three discretely presented component units.

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

The discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the primary government. All of the component units have a June 30 year-end. A description of the discretely presented component units follows:

The **York County School Division (the School Division)** is responsible for elementary and secondary education within the County. Since January 1, 1996, the citizens of the County have elected the members of the School Division. The School Division is fiscally dependent upon the County because the Board of Supervisors approves the School Division's annual budget, levies the necessary taxes to finance the School Division's operations and approves the borrowing of money and the issuance of bonds. Separate audited financial statements are available from the School Division at 302 Dare Road, Yorktown, Virginia, 23692.

The **Economic Development Authority of York County (EDA)** was originally established under the Industrial Development and Revenue Bond Act - *Code of Virginia*. The 2004 General Assembly amended the Code of Virginia Section 15.2-4903 to allow localities to change the name of their Industrial Development Authorities if so authorized by the local governing body and the EDA took such action. A separate board appointed by the Board of Supervisors governs the EDA. The EDA is fiscally dependent upon the County because substantially all of its income is derived from an appropriation from the County. The EDA has the responsibility to promote industry and develop trade by inducing manufacturing, industrial and commercial enterprises to locate or to remain in the County. Separate audited financial statements are available from the EDA at P.O. Box 612, Yorktown, Virginia, 23690.

The **Marquis Community Development Authority (CDA)** was created pursuant to the Virginia Water and Waste Authorities Act (the "Act"), beginning with 15.2-5100 *et. seq.* of the Code of Virginia, 1950, by an ordinance adopted by York County's Board of Supervisors on December 19, 2006. The Marquis Development Authority District (the "District") consists of a land area of approximately 222.85 acres in York County, Virginia just outside of the City of Williamsburg, Virginia. The Act provides that the Authority may issue bonds to finance infrastructure improvements located within or benefiting the District and the Board of Supervisors, at the request of the Authority, may levy and collect special assessments within the District and appropriate such sums to the Authority for use in paying the administrative expenses and debt service requirement in connection with any such bonds. On November 28, 2007, the Authority issued \$32,860,000 Revenue Bonds, Series 2007. The principal of and the interest on the 2007 bonds do not constitute a pledge of the faith and credit of York County and therefore the faith and credit of York County have not been pledged to the payment of the principal of or interest on the 2007 bonds.

The issuance of the 2007 bonds does not directly, indirectly or contingently obligate York County to levy any taxes or to make any appropriation for their payment except from the revenues and receipts pledged therefore. Pursuant to the Act, York County is expressly precluded from paying the principal of or interest on the 2007 bonds except from the special assessments and the incremental tax revenues. A separate board appointed by the Board of Supervisors governs the CDA. Separate audited financial statements are available from Sharon B. Day, Marquis Community Development Authority at 120 Alexander Hamilton Boulevard, Yorktown, Virginia 23690.

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Joint Venture Government Organizations

The County does not include in the basic financial statements certain authorities created as separate governments under the laws of the Commonwealth of Virginia. These authorities are separate legal entities having governmental character and sufficient autonomy in the management of their own affairs to distinguish them as separate from the administrative organization of the County although the County Board of Supervisors appoints certain members of their governing bodies. While the County may have some reversionary interest in the assets of these entities in the event they are dissolved, the nature and extent of that interest would be subject to negotiation at the time of dissolution. The County does not include these entities as component units because they do not meet the criteria as set forth in GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

The **Virginia Peninsulas Public Service Authority (VPPSA)** was established under the Virginia Water and Sewer Authorities Act - *Code of Virginia*. A separate ten-member board of which the County appoints one representative governs VPPSA. VPPSA was formed for the purpose of developing regional refuse collection, waste reduction and disposal alternatives with the ultimate goal of acquiring, financing, constructing and/or operating and maintaining a residential, commercial and industrial garbage and refuse collection and disposal system or systems. VPPSA is fiscally independent of the County because substantially all of its income is generated through the collection of user fees. Separate audited financial statements are available from VPPSA at 300 McLaws Circle, Suite 200, Williamsburg, Virginia 23185.

The **Virginia Peninsula Regional Jail Authority (Jail Authority)** was created pursuant to Article 3.1, Chapter 3, Title 53.1 of the *Code of Virginia* to finance, acquire, construct, equip, maintain and operate a regional jail. A separate seven-member board of which the County Sheriff serves as a member and the County appoints one representative governs the Jail Authority. The Jail Authority is fiscally independent of the County because substantially all of its income is generated from payments by the member jurisdictions and reimbursements from the Commonwealth of Virginia for a portion of the capital costs, a portion of salaries and benefits of certain regional jail employees and a charge for prisoners housed at the jail. Separate audited financial statements are available from the Jail Authority, c/o the County of James City at P.O. Box 8784, Williamsburg, Virginia 23187-8784.

The **Middle Peninsula Juvenile Detention Commission (the Commission)** was created to enhance the region for the protection of the citizens by the construction, equipping, maintenance and operation of a new juvenile detention facility serving the eighteen member jurisdictions of which the Director of Community Services serves as the County's representative on the board. The Commission is fiscally independent of the County because substantially all of its income will be generated from per diem payments from the member jurisdictions and reimbursements from the Commonwealth of Virginia for a portion of the capital costs. Separate audited financial statements are available from the Commission, c/o the County of James City at P. O. Box 8784, Williamsburg, Virginia 23187-8784.

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Government-wide and Fund Financial Statements

The basic financial statements are composed of both government-wide and fund financial statements. The government-wide statements, the statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the County and its component units.

Generally, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely primarily on fees and charges for services. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses of a function and program revenues. Direct expenses are those that are specifically associated with a specific function or segment. Program revenues include fees, fines and charges paid by the recipients of goods or services offered by the function or segment; and grants and contributions that are restricted to meet the operations or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, Financial Statement Presentation

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds, which are custodial in nature (assets and liabilities) and have no measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are generally considered available to be used to pay liabilities of the current period if they are collectible within the current period or within 45 days thereafter, or within 90 days thereafter for intergovernmental reimbursement grants. The primary revenues susceptible to accrual include property taxes, sales taxes, other local taxes and intergovernmental revenues. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Expenditures are generally recorded when the related fund liability is incurred. Debt service expenditures, as well as compensated absences and claims and judgments, are recorded when payment is due.

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

The County reports the following major governmental funds:

General Fund: the County's primary operating fund; accounts for revenue sources and expenditures not required to be accounted for in other funds.

Tourism Fund: accounts for the receipt and disbursement of 3% of the lodging tax and the \$2.00 additional tax restricted by the Commonwealth of Virginia for tourism activities.

Education Debt Service Fund: accounts for the receipt and payment of bonds and loans issued for the construction and maintenance of educational facilities and equipment.

Yorktown Capital Improvements Fund: accounts for revenue and expenditures related to capital improvements in the historical Yorktown area.

County Capital Fund: accounts for revenue and expenditures related to construction or acquisition of facilities and equipment in general governmental areas (other than those financed by proprietary funds).

The County reports the following nonmajor governmental funds:

Special Revenue Funds: The Children and Family Services, Virginia Public Assistance, Law Library and Community Development Authority Revenue Account Funds are used to account for the proceeds of federal, state and local sources that are legally restricted to expenditures for specified purposes.

County Debt Service Fund: accounts for the receipt and payment of bonds and loans issued for the construction and maintenance of County facilities and equipment.

Stormwater Capital Projects Fund: accounts for revenue and expenditures related to the drainage maintenance projects.

The County reports the following major enterprise fund:

Sewer Utility Fund: accounts for the operations of the County's sewer utility systems.

The County reports the following nonmajor enterprise funds:

Yorktown Operations Fund: accounts for the operations at the Yorktown waterfront.

York Sanitary District Fund: accounts for the capital assets as of January 1, 1992 of the Sanitary District No. 1 utility systems.

Upper County Utility Fund: accounts for the capital assets as of January 1, 1992 of the upper County utility systems.

Solid Waste Fund: accounts for the operations of the County's solid waste disposal system.



**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Water Utility Fund: accounts for operations of the County's water utility systems.

Sanitary District No. 2 Fund: accounts for the capital assets as of January 1, 1992 of the Sanitary District No. 2 utility systems.

Regional Radio System Fund: accounts for the County's joint emergency communication system with James City County and Gloucester County.

The County reports the following additional fund types:

Internal Service Funds: The Vehicle Maintenance Fund accounts for the operation of the vehicle maintenance and replacement services provided to County departments on a cost reimbursement basis. The Other Post-Employment Benefits Fund accounts for subsidy payments for eligible County retirees towards health insurance coverage in a County-sponsored plan.

Agency Funds: The County's agency funds account for fiscal funds held for the Colonial Behavioral Health; the Colonial Group Home Commission; the Special Welfare Board; regional projects, the Peninsula Public Sports Facility Authority, the Darby-Firby Neighborhood Corporation, and the Library Board.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Exceptions to this general rule are charges between the government's Sewer Utility and various other functions of the government; elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted on an as needed basis.

**Property Taxes**

The two major sources of property taxes are described below:

Real Estate: The County levies real estate taxes on all real estate within its boundaries, except that exempted by statute, each year as of January 1 on the estimated market value of the property. All real estate property is assessed biennially.

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Real estate taxes are billed in semi-annual installments due June 5 and December 5. Liens are placed on the property on the date real estate taxes are delinquent, June 6 and December 6, and must be satisfied prior to the sale or transfer of the property. Real estate taxes reported as revenue are for the assessment due December 5, 2011 and June 5, 2012, less an allowance for uncollectible amounts and taxes not collected within 45 days after year-end. The tax rates for calendar years 2011 and 2012 were \$0.6575 and \$.07415, respectively, per \$100 of assessed value.

Personal Property: The County levies personal property taxes on motor vehicles and tangible personal business property. These levies are made each year as of January 1. Personal property taxes are billed in equal semi-annual installments due June 5 and December 5. Personal property taxes do not create a lien on property. The personal property taxes reported as revenue are for the levies due December 5, 2011, and June 5, 2012, less an allowance for uncollectible amounts and taxes not collected within 45 days after year-end. The tax rate for calendar years 2011 and 2012 was \$4.00 per \$100 of assessed value.

The County's property tax collection records show that 97.35% of the property taxes due for the current tax year were collected.

Allowance for Uncollectible Amounts

Provision for uncollectible property taxes is based upon a historical percentage of accounts written off applied to the total levies of all years carried in taxes receivable and, in certain cases, specific account analysis. Provision for uncollectible solid waste, water and sewer service bills is based upon a historical analysis of uncollected accounts and, in certain cases, specific account analysis.

Cash and Temporary Investments

The County utilizes the pooled cash investment method. Income from the investment of pooled cash is allocated to the various funds based on the percentage of cash and temporary investments of each fund to the total pooled cash and temporary investments. See Note 2 for description of cash and temporary investment policies. Investments are stated at fair value.

Inventories

Inventories consist of materials and supplies held for future consumption and are stated at cost using the first-in, first-out method. Inventory is accounted for under the purchase method.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

Advances

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Capital Assets

Capital assets include land, land improvements, buildings and improvements, infrastructure, equipment, and vehicles. Intangible assets include easements and computer software. Infrastructure that meets the County's capitalization threshold, acquired prior to the implementation of GASB Statement No. 34 has been reported. All acquisitions of land and easements; land improvements, infrastructure, equipment, and computer software that individually costs \$5,000 or more; vehicles that individually costs \$10,000 or more; and buildings and improvements that individually costs \$30,000 or more and with useful lives greater than one year are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if constructed or purchased. Donated capital assets are recorded at fair market value at the date of donation. Capital and intangible assets are depreciated and amortized over their estimated useful lives using the straight-line, half-year convention method. Land and permanent easements have an indefinite life. Temporary easements are amortized over the period of time the easement covers. The estimated useful lives of other capital and intangible assets are as follows: land improvements (15 - 20), buildings and improvements (10 - 50), infrastructure (10 - 50), equipment (3 - 20), vehicles (3 - 20), and computer software (3 - 7).

Compensated Absences

County employees are granted vacation and sick pay in varying amounts as services are provided. They may accumulate, subject to certain limitations, unused vacation and sick pay earned and, upon retirement, termination or death, may be compensated for certain amounts at their then current rates of pay. A liability for these amounts is reported in governmental funds only if they have matured, for the reasons stated above. The current and noncurrent liability for accrued vacation and sick leave benefits at June 30, 2012 has been reported in the government-wide statements, representing the County's commitment to fund such costs from future operations. In the proprietary funds, the amount of compensated absences recognized is the amount earned. Such benefits are included in the government-wide statements. The amount due within one year has been estimated based on historic trends.

Fund Balances

In the governmental fund financial statements, fund balances have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

Nonspendable: includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

Restricted: includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.

Committed: includes amounts that can be used only for the specific purposes determined by a formal action (ordinance and/or resolution) by the Board of Supervisors and cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action it employed to previously commit those amounts (ordinance and/or resolution).

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Assigned: includes amounts that are intended to be used for specific purposes, but do not meet the criteria as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Supervisors, or as delegated to the County Administrator.

Unassigned: includes the residual classification for the County's general fund and includes all spendable amounts not contained in other classifications.

The County's policy is to apply expenditures against restricted resources first when either restricted or unrestricted amounts are available. Within unrestricted fund balance, it is the County's policy to apply expenditures against committed amounts first, followed by assigned, and then unassigned amounts. In a governmental fund other than the general fund, a negative unassigned fund balance could result if expenditures incurred for a specific purpose exceeds the amounts in the fund that are restricted, committed, and assigned for that purpose.

Net Assets

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt, restricted and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, laws and regulations of other governments or imposed by law through state statute.

Statement of Cash Flows

For purposes of the statement of cash flows, cash and temporary investments with original maturities of three months or less are considered to be cash and cash equivalents.

Use of Estimates

Management of the County has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Any differences between these estimates and actual results should immaterially affect the County's reporting of its financial position.

Credit Risk

The assessed value of real estate and personal property for the County's ten largest taxpayers comprises 10.71% of the County's tax base. Concentration of credit risk with respect to receivables is limited due to the large number of customers comprising the County's customer base.

The Code of Virginia, as amended, requires the election of a County Treasurer. The County's Treasurer is the custodian of cash and investments for the County, EDA and School Division. Oversight for investment activity is the responsibility of the Treasurer.

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**2. DEPOSITS AND INVESTMENTS**

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). The Treasury Board of the Commonwealth of Virginia has regulatory oversight of the LGIP. It is managed in accordance with the "2a7 like pool" risk limiting requirements of GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" with the portfolio securities valued by the amortized cost method. Investments with a maturity date of one year or less are stated at amortized cost. The fair value of the County's position in the LGIP is the same as the value of the pool shares. All other investments are stated at fair value.

The carrying amount of the County's cash and investments at June 30, 2012 is as follows:

	<u>Amount</u>
Restricted cash	\$ 2,679,269
Investments	77,056,493
Deposits with financial institutions	22,258,296
Petty cash	<u>4,115</u>
Total cash and investments	<u>\$ 101,998,173</u>

A reconciliation to the basic financial statements is as follows:

Cash and investments	\$ 95,755,957
Restricted cash	2,679,269
Agency funds - cash and investments	<u>3,562,947</u>
Total cash and investments	<u>\$ 101,998,173</u>

**Restricted Cash**

The County's restricted cash of \$2,679,269 at June 30, 2012 consisted of the following: \$5,000 of surety deposits for junkyards held in the County and junkyards' names; \$26,065 of donations and grants received for specific purposes; \$56 of drug seizure funds; \$944,516 for unspent bond proceeds; \$140,208 for debt payments on the 2005 and 2010 sewer revenue bonds; and \$1,563,424 for debt service reserves on the 1992 and 2010 sewer bonds.



**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**2. DEPOSITS AND INVESTMENTS, Continued**

**Credit Risk**

As required by state statute, the policy requires that commercial paper be rated "prime quality" by at least two nationally recognized statistical rating organizations (A-1 by both Standard & Poor's and Moody's Investor Service) and corporate notes and bonds must be rated in the AAA or AA categories by both Standard & Poor's and Moody's Investor Service. The County's policy further limits credit risk by limiting investments in securities that have higher credit risks.

As of June 30, 2012, the County's investments as rated by Standard & Poor's were as follows:

<b><u>Investment Type</u></b>	<b><u>AAA</u></b>	<b><u>AA</u></b>	<b><u>A</u></b>	<b><u>Unrated</u></b>
Virginia LGIP	\$ 25,496,182	\$ -	\$ -	\$ -
Money market	-	-	-	52,633
Commercial paper	-	-	898,488	-
Municipal bonds	5,333,425	18,569,521	-	-
Federal agency bonds and notes	-	19,346,524	-	-
Corporate obligations	-	6,317,920	1,041,800	-
Total investments	<u>\$ 30,829,607</u>	<u>\$ 44,233,965</u>	<u>\$ 1,940,288</u>	<u>\$ 52,633</u>

**Concentration of Credit Risk**

State statute limits the percentage of the portfolio that can be invested in any one issuer, excluding the U.S. Government, U.S. Government Agencies, the Commonwealth of Virginia and its authorities, mutual funds and pooled investment funds. Furthermore, no more than 35% of total available funds may be invested in commercial paper.

**Interest Rate Risk**

As a means of limiting exposure to fair value losses arising from rising interest rates, the County's policy limits the investment portfolio holdings to no more than 24 months, unless approved by the Treasurer.

As of June 30, 2012, the carrying values and weighted average maturity of the County's investments were as follows:

<b><u>Investment Type</u></b>	<b><u>Fair Value</u></b>	<b><u>Weighted Average Maturity in Years</u></b>
Money market-Virginia LGIP	\$ 25,496,182	0.02
Money market	52,633	0.02
Commercial paper	898,488	1.07
Municipal bonds	23,902,946	1.27
Federal agency bonds and notes	19,346,524	1.35
Corporate obligations	7,359,720	1.60
Total investments	<u>\$ 77,056,493</u>	
Weighted average of portfolio		<u>0.89</u>

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**2. DEPOSITS AND INVESTMENTS, Continued**

Custodial Credit Risk

The policy requires that all investment securities purchased by the County be held by an independent third-party custodian and evidenced by safekeeping receipts in the County's name. As of June 30, 2012, all of the County's investments were held in a bank's trust department in the County's name.

Discretely Presented Component Units

At June 30, 2012, and excluding fiduciary funds of \$3,398,765 not held by the County Treasurer, the School Division had restricted cash of \$7,740,061, which consisted of unspent bond proceeds, and investments of \$2,089,191 with LGIP, rated AAA by Standard and Poor's.

At June 30, 2012, the EDA had bank deposits of \$69,135 (\$9,609 of which was restricted for tenant security deposits), investments in LGIP of \$401,651, rated AAAM by Standard & Poor's and common stock equity in Waterside Capital Corporation of \$890, stated at fair value.

The CDA's restricted cash and investments of \$2,844,380 at June 30, 2012, consisted of unspent bond proceeds. Of the total, \$2,193,972 was invested in the US Treasury money market funds and \$650,408 was invested in SNAP money market mutual funds. Both are rated AAAM by Standard & Poor's and were stated at cost, which approximates fair value.

**3. RECEIVABLES**

At June 30, 2012, receivables were as follows:

	<u>General</u>	<u>Tourism</u>	<u>Yorktown Capital Imps</u>	<u>County Capital</u>	<u>Nonmajor Governmental Funds</u>	<u>Sewer Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service Funds</u>
Property taxes	\$ 5,789,273	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle registration fees	494,789	-	-	-	-	-	-	-
Other taxes	2,152,687	205,864	-	-	91,733	-	-	-
Accounts	1,507,209	-	-	-	130,594	2,207,567	998,751	103,254
Interest	8,035	119	135	6,548	832	5,307	1,531	2,679
Notes	-	-	1,574,561	1,116,675	-	-	-	-
Intergovernmental:								
Federal	539,796	-	-	577,665	222,954	104,802	749,665	26,039
State	4,728,589	-	-	85,000	653,412	22,358	159,392	5,555
Receivables, gross	15,220,378	205,983	1,574,696	1,785,888	1,099,525	2,340,034	1,909,339	137,527
Less allowance for doubtful accounts	(2,341,438)	(71,382)	-	-	-	(83,889)	(32,652)	-
Receivables, net	\$ 12,878,940	\$ 134,601	\$ 1,574,696	\$ 1,785,888	\$ 1,099,525	\$ 2,256,145	\$ 1,876,687	\$ 137,527

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**3. RECEIVABLES, Continued**

In 2002, the County agreed to loan the EDA up to \$1,100,000 for the relocation and renovation of the Yorktown Freight Shed Building as part of a multi-million dollar renovation project to the Yorktown waterfront area. To realize significant savings, the County utilized historic building renovation tax credits, available through federal and Virginia income tax codes. To utilize the tax credits, title to the Freight Shed building was conveyed by the Yorktown Trustees to Yorktown Freight Shed, L.P. (a Virginia limited partnership), created to hold title to the building and to oversee the project with money provided by the County through the EDA. Interest on the outstanding principal balance of the note is due at a rate of 5.5% per annum. At June 30, 2012, the outstanding balance of the note receivable, including accrued interest of \$431,525 was \$1,237,035.

In 2005, the County agreed to loan the EDA \$500,000 for restaurant equipment and related items. The EDA signed an agreement to lease equipment to a tenant who operates a restaurant at Riverwalk Landing. The lease agreement includes a repayment schedule based on a 20-year amortization schedule with a final balloon payment after ten years. Interest on the outstanding principal balance of the note is due at a rate of 4.14% per annum and the outstanding balance of the note receivable, at June 30, 2012, was \$337,526.

**4. INTERFUND AND COMPONENT UNIT TRANSACTIONS**

The composition of interfund balances as of June 30, 2012 is as follows:

<u>Due from Fund</u>	<u>Due to Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Nonmajor governmental	Program match	\$ 377,308
		Meals tax	53,985
	County Capital	Reimbursement	4,668
	Sewer Utility	Meals tax	<u>215,902</u>
Subtotal			<u>651,863</u>
Education Debt Service	County Capital	Reimbursement	<u>131,512</u>
Total Due to other funds			<u>\$ 783,375</u>
Nonmajor enterprise	General	Reimbursement	\$ 369,942
	Sewer Utility	Reimbursement	2,093
	Nonmajor governmental	Reimbursement	<u>16,215</u>
Total Due to other funds			<u>\$ 388,250</u>
Internal service funds	General	Reimbursement	<u>\$ 120,489</u>
<u>Advance from Fund</u>	<u>Advance to Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Tourism	Infrastructure	\$ 7,741,838
	Yorktown Operations	Land purchase	<u>2,750,000</u>
Total Advances to other funds			<u>\$ 10,491,838</u>
Tourism	Yorktown Capital Improvements	Infrastructure	<u>\$ 7,950,000</u>

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**4. INTERFUND AND COMPONENT UNIT TRANSACTIONS, Continued**

The advances from the General Fund and Tourism Fund were capital project loans and are not expected to be fully repaid in the subsequent year. Repayments for the infrastructure loan have begun from lodging tax revenue generated by tourism. Repayments for the land purchase have also begun, from net rental income generated by the tenant operations managed by the EDA. Repayments in both instances are expected to continue until the advances are fully liquidated.

**Due to/from Primary Government:**

<u>Due from Entity</u>	<u>Due to Entity</u>	<u>Purpose</u>	<u>Amount</u>
County of York	School Division	Operations	\$ 10,813,023
EDA	County of York	Riverwalk Landing lease	\$ 68,301
County of York	CDA	Incremental tax revenues	\$ 156,968

<u>Fund</u>	<u>Transfers Out Fund</u>	<u>Transfers In Fund</u>
General	\$ 17,693,715	\$ 300,000
Tourism	760,293	-
Education Debt Service	131,512	7,056,620
Yorktown Capital Improvements	-	200,000
County Capital	200,000	927,363
Nonmajor governmental	300,000	5,534,829
Sewer Utility	10	1,734,227
Nonmajor enterprise	-	2,005,508
Internal service	-	1,326,983
Total	<u>\$ 19,085,530</u>	<u>\$ 19,085,530</u>

All transfers made during the year were routine and consistent with the activities of the funds.

Significant transactions between the primary government and component units during fiscal year 2012 were as follows:

Payments from County to School Division for School operations	\$ 44,999,315
Payments from County to School Division for School technology	390,564
Payments to County from School Division - year-end reversion entry	<u>(436,806)</u>
Total General Fund	<u>\$ 44,953,073</u>
Bond proceeds from County to School Division for construction - Education Debt Service	\$ 7,808,129
Statement of Activities - Payment from County of York	<u>\$ 52,761,202</u>
Payment from County General Fund to Economic Development Authority for operations	\$ 43,590
Payment from County General Fund to Economic Development Authority for an Economic Development grant	<u>\$ 40,000</u>
Payment from County Capital Fund to Economic Development Authority for the construction of a debris recycling center	<u>\$ 185,520</u>
Statement of Activities - Payment from County of York	<u>\$ 269,110</u>
Payment from County to Community Development Authority for incremental tax revenue - Nonmajor Governmental Fund; Statement of Activities - Payment from County of York	<u>\$ 1,108,082</u>

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2012 was as follows:

**Primary Government:**

Governmental Activities:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012
Capital assets not being depreciated/amortized:				
Land	\$ 9,267,219	\$ 11,800	\$ -	\$ 9,279,019
Easements	476,023	-	-	476,023
Construction in progress	5,380,379	864,391	(4,201,091)	2,043,679
Total capital assets not being depreciated/amortized	15,123,621	876,191	(4,201,091)	11,798,721
Capital assets being depreciated/amortized:				
Land improvements	21,803,066	735,834	-	22,538,900
Buildings and improvements	44,195,470	2,050,978	(64,468)	46,181,980
Infrastructure	14,760,846	100,800	-	14,861,646
Equipment	21,774,251	2,688,851	(1,697,879)	22,765,223
Vehicles	14,288,902	568,305	(530,677)	14,326,530
Computer Software	342,209	48,845	-	391,054
Total capital assets being depreciated/amortized	117,164,744	6,193,613	(2,293,024)	121,065,333
Less accumulated depreciation/amortization for:				
Land improvements	(6,924,780)	(1,311,069)	-	(8,235,849)
Buildings and improvements	(10,989,787)	(893,815)	47,533	(11,836,069)
Infrastructure	(3,571,024)	(491,735)	-	(4,062,759)
Equipment	(13,322,345)	(2,004,537)	1,404,314	(13,922,568)
Vehicles	(6,501,586)	(991,899)	421,170	(7,072,315)
Computer Software	(36,587)	(73,326)	-	(109,913)
Total accumulated depreciation/amortization	(41,346,109)	(5,766,381)	1,873,017	(45,239,473)
Total capital assets being depreciated/amortized, net	75,818,635	427,232	(420,007)	75,825,860
Governmental activities capital assets, net	\$ 90,942,256	\$ 1,303,423	\$ (4,621,098)	\$ 87,624,581

Depreciation and amortization expense was charged to functions of the primary government for governmental activities as follows:

General government	\$ 1,197,515
Judicial services	218,263
Public safety	2,196,639
Environmental and development services	33,688
Finance and planning	162,582
Education	115,320
Human services	8,493
General services	230,277
Community services	1,008,795
Internal Service Fund - charged to functions based on usage	594,809
Total depreciation and amortization expenses - governmental activities	\$ 5,766,381



**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**5. CAPITAL ASSETS, Continued**

Business-type Activities:	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012
Capital assets not being depreciated/amortized:				
Land	\$ 3,723,250	\$ 213,505	\$ -	\$ 3,936,755
Easements	15,397	235,576	-	250,973
Construction in progress	11,573,488	7,149,616	(11,353,689)	7,369,415
Total capital assets not being depreciated/amortized	15,312,135	7,598,697	(11,353,689)	11,557,143
Capital assets being depreciated/amortized:				
Land improvements	37,155	-	-	37,155
Buildings and improvements	18,987,985	67,920	-	19,055,905
Infrastructure	112,192,136	11,878,380	-	124,070,516
Equipment	4,965,690	78,017	(31,803)	5,011,904
Vehicles	1,528,897	89,278	-	1,618,175
Computer Software	52,327	-	-	52,327
Total capital assets being depreciated/amortized	137,764,190	12,113,595	(31,803)	149,845,982
Less accumulated depreciation/amortization for:				
Land improvements	(7,137)	(1,859)	-	(8,996)
Buildings and improvements	(10,245,114)	(760,195)	-	(11,005,309)
Infrastructure	(30,944,657)	(2,339,253)	-	(33,283,910)
Equipment	(2,992,035)	(400,683)	31,803	(3,360,915)
Vehicles	(873,916)	(78,669)	-	(952,585)
Computer Software	(11,213)	(7,475)	-	(18,688)
Total accumulated depreciation/amortization	(45,074,072)	(3,588,134)	31,803	(48,630,403)
Total capital assets being depreciated/amortized, net	92,690,118	8,525,461	-	101,215,579
Business-type activities capital assets, net	\$ 108,002,253	\$ 16,124,158	\$ (11,353,689)	\$ 112,772,722

Depreciation and amortization expense was charged to functions of the primary government for business type activities as follows:

Sanitary District No. 2	\$ 370,655
Solid waste	109,311
Sewer utility	3,041,647
York Sanitary District	45,141
Upper County utility	15,748
Water utility	5,632
Total depreciation and amortization expenses - business-type activities	\$ 3,588,134

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**5. CAPITAL ASSETS, Continued**

**Discretely Presented Component Unit - School Division**

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012
Capital assets not being depreciated:				
Land	\$ 4,826,359	\$ -	\$ -	\$ 4,826,359
Construction in progress	2,598,015	2,227,174	(4,252,861)	572,328
Total capital assets not being depreciated	7,424,374	2,227,174	(4,252,861)	5,398,687
Capital assets being depreciated:				
Improvements other than buildings	4,912,942	-	-	4,912,942
Buildings and improvements	168,418,020	4,252,861	-	172,670,881
Equipment	2,484,967	257,541	(37,270)	2,705,238
Vehicles	11,353,104	428,233	(13,489)	11,767,848
Total capital assets being depreciated	187,169,033	4,938,635	(50,759)	192,056,909
Less accumulated depreciation for:				
Improvements other than buildings	(1,940,787)	(187,483)	-	(2,128,270)
Buildings and improvements	(54,368,060)	(3,483,076)	-	(57,851,136)
Equipment	(1,373,428)	(187,399)	24,862	(1,535,965)
Vehicles	(4,799,645)	(806,544)	5,527	(5,600,662)
Total accumulated depreciation	(62,481,920)	(4,664,502)	30,389	(67,116,033)
Total capital assets being depreciated, net	124,687,113	274,133	(20,370)	124,940,876
School Division capital assets, net	\$ 132,111,487	\$ 2,501,307	\$ (4,273,231)	\$ 130,339,563

**Discretely Presented Component Unit - EDA**

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012
Capital assets not being depreciated:				
Construction in progress	\$ 694,660	\$ 185,439	\$ (880,099)	\$ -
Total capital assets not being depreciated	\$ 694,660	\$ 185,439	\$ (880,099)	\$ -
Capital assets being depreciated:				
Land improvements	-	9,604	-	9,604
Infrastructure	-	850,913	-	850,913
Total capital assets being depreciated	\$ -	\$ 860,517	\$ -	\$ 860,517
Less accumulated depreciation for:				
Land improvements	-	(320)	-	(320)
Infrastructure	-	(14,150)	-	(14,150)
Total accumulated depreciation	\$ -	\$ (14,470)	\$ -	\$ (14,470)
Total capital assets being depreciated, net	\$ -	\$ 846,047	\$ -	\$ 846,047
Economic Development Authority capital assets, net	\$ 694,660	\$ 1,031,486	\$ (880,099)	\$ 846,047

**Discretely Presented Component Unit - CDA**

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012
Capital assets not being depreciated:				
Construction in progress	\$ 19,256,735	\$ 62,651	\$ -	\$ 19,319,386
Capitalized interest	2,927,161	-	-	2,927,161
Less interest revenue on investments	(514,720)	-	-	(514,720)
Total capital assets not being depreciated	21,669,176	62,651	-	21,731,827
Capital assets being amortized:				
Computer Software	9,000	-	-	9,000
Less accumulated amortization	(6,000)	(3,000)	-	(9,000)
Total capital assets being amortized, net	3,000	(3,000)	-	-
Community Development Authority capital assets, net	\$ 21,672,176	\$ 59,651	\$ -	\$ 21,731,827

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**6. DEFERRED/UNEARNED REVENUE**

Deferred/unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, deferred revenue reflects amounts that are measurable, but not available. At June 30, 2012, deferred/unearned revenue consisted of the following:

	<u>General</u>	<u>Tourism</u>	<u>Yorktown Capital Imps</u>	<u>County Capital</u>	<u>Nonmajor Governmental Funds</u>	<u>Sewer Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service Funds</u>
<b>Purpose:</b>								
Advance payments for taxes, services and rents	\$ 1,243,114	\$ -	\$ -	\$ -	\$ 60,000	\$ 2,076,924	\$ 9,448	\$ 5,178
Delinquent taxes and fees	4,865,362	19,137	-	-	-	-	-	-
Grants that did not meet availability requirement	341,130	-	-	287,814	469,367	-	-	-
Long-term notes receivable	-	-	1,237,035	1,116,675	-	-	-	-
Total	<u>\$ 6,449,606</u>	<u>\$ 19,137</u>	<u>\$ 1,237,035</u>	<u>\$ 1,404,489</u>	<u>\$ 529,367</u>	<u>\$ 2,076,924</u>	<u>\$ 9,448</u>	<u>\$ 5,178</u>

**7. LONG-TERM DEBT**

The following is a summary of changes in long-term debt during the year ended June 30, 2012:

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2012</u>	<u>Due Within One Year</u>
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
General obligation bonds	\$ 55,305,000	\$ 6,925,000	\$ (4,540,000)	\$ 57,690,000	\$ 4,720,000
Premium on bonds	1,259,037	1,047,456	(173,688)	2,132,805	-
Literary loans	100,000	-	(100,000)	-	-
Capital leases	3,316,594	-	(399,473)	2,917,121	50,487
Lease revenue bonds	28,835,000	-	(1,540,000)	27,295,000	1,430,000
Premium on bonds	345,022	-	(28,111)	316,911	-
Discount on bonds	(127,237)	-	14,540	(112,697)	-
Note payable	1,041,781	-	(322,388)	719,393	346,653
Compensated absences	4,365,908	3,686,219	(3,823,566)	4,228,561	131,440
Net OPEB obligation	1,937,820	1,461,211	(345,691)	3,053,340	-
Total Governmental Activities	<u>\$ 96,378,925</u>	<u>\$ 13,119,886</u>	<u>\$ (11,258,377)</u>	<u>\$ 98,240,434</u>	<u>\$ 6,678,580</u>
<b>Business-type Activities:</b>					
Revenue bonds	\$ 23,452,310	\$ -	\$ (442,715)	\$ 23,009,595	\$ 458,359
Premium on bonds	141,233	-	(6,815)	134,418	-
Deferred amount on refunding	(608,949)	-	35,820	(573,129)	-
Capital leases	1,705,295	-	(474,679)	1,230,616	290,446
Compensated absences	356,462	291,798	(298,789)	349,471	5,635
Total Business-type Activities	<u>\$ 25,046,351</u>	<u>\$ 291,798</u>	<u>\$ (1,187,178)</u>	<u>\$ 24,150,971</u>	<u>\$ 754,440</u>

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**7. LONG-TERM DEBT, Continued**

<u>Discretely Presented</u>	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
<u>Component Units:</u>	<u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2012</u>	<u>One Year</u>
<b>School Division</b>					
Compensated absences	\$ 2,022,791	\$ 1,089,098	\$ (1,084,193)	\$ 2,027,696	\$ 1,010,000
Workers' compensation claims	3,309,690	402,010	(226,068)	3,485,632	600,000
Net OPEB obligation	<u>399,183</u>	<u>525,911</u>	<u>(464,633)</u>	<u>460,461</u>	<u>-</u>
Total School Division	<u>\$ 5,731,664</u>	<u>\$ 2,017,019</u>	<u>\$ (1,774,894)</u>	<u>\$ 5,973,789</u>	<u>\$ 1,610,000</u>
<b>Economic Development Authority</b>					
Notes payable	<u>\$ 1,155,534</u>	<u>\$ -</u>	<u>\$ (12,498)</u>	<u>\$ 1,143,036</u>	<u>\$ 843,004</u>
<b>Community Development Authority</b>					
Bonds payable	\$ 31,680,000	\$ -	\$ (2,805,000)	\$ 28,875,000	\$ -
Less unamortized bond discount	<u>(326,072)</u>	<u>-</u>	<u>326,072</u>	<u>-</u>	<u>-</u>
	<u>\$ 31,353,928</u>	<u>\$ -</u>	<u>\$ (2,478,928)</u>	<u>\$ 28,875,000</u>	<u>\$ -</u>
Deferred amount on restructure	<u>\$ -</u>	<u>\$ (295,740)</u>	<u>\$ 15,167</u>	<u>\$ (280,573)</u>	<u>\$ -</u>

**Arbitrage**

Arbitrage is the difference between the yield on an issuer's tax-exempt bonds and the investment income earned on the proceeds. Arbitrage restrictions imposed by the federal government prohibit an issuer from retaining arbitrage profits when investing bond proceeds at a yield that exceeds the yield on the bonds. Any excess arbitrage must be rebated to the U. S. Treasury. During fiscal year 2012, the County was required to have arbitrage rebate calculations performed for its 2012 VPSA \$6,925,000 issue and the \$15,280,000 Sewer System Revenue Bonds issue. As of June 30, 2012, there was no rebate liability.

**General Obligation Bonds**

General obligations bonds (GOB) are backed by the full faith and credit of the County. There are no sinking fund requirements. In fiscal year 2012, the primary government issued \$6,925,000 of general obligation bonds to provide resources for the replacement of the HVAC system at Coventry Elementary School and New Horizons Regional Education Center, the replacement of the roof at Grafton Bethel Elementary School and the gymnasium at Coventry Elementary School, classroom additions at Tabb Elementary School and a gymnasium at the Grafton Complex.

Outstanding general obligation bonds at June 30, 2012 of the primary government governmental activities are as follows:

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**7. LONG-TERM DEBT, Continued**

<b>GOB</b>		<b>Bond</b>	<b>Maturity</b>	<b>Interest</b>	<b>Balance</b>
<b><u>Series</u></b>	<b><u>Purpose</u></b>	<b><u>Date</u></b>	<b><u>Date</u></b>	<b><u>Rate</u></b>	<b><u>June 30, 2012</u></b>
VPSA 93C	School complex, Tabb, Yorktown Elementary	11/18/93	12/15/13	4.48-5.00%	\$ 45,000
VPSA 97I	Various school projects	11/20/97	07/15/17	4.35-5.35%	6,250,000
Series 01	Refinance 1994 issue for school construction	11/01/01	07/15/14	3.00-5.00%	5,780,000
VPSA 02B	Bruton High	11/07/02	07/15/22	2.35-5.10%	5,095,000
VPSA 03	Queens Lake	11/06/03	07/15/23	3.10-5.35%	2,770,000
VPSA 05	York High and School Board renovations	11/10/05	07/15/25	4.60-5.10%	11,870,000
VPSA 06	Yorktown Middle and New Horizons renovations	11/09/06	07/15/26	4.23-5.10%	9,175,000
VPSA 08	Dare, Magruder, Yorktown Elementary classrooms	12/11/08	07/15/28	3.60-5.35%	4,900,000
VPSA 09	Dare and Mt. Vernon Elementary and Tabb High	12/03/09	07/15/29	3.05-4.05%	3,890,000
VPSA 10	Grafton Bethel Elementary	07/08/10	06/01/27	1.085-1.925%	990,000
	Coventry Elementary and New Horizons HVAC, Grafton Bethel and Coventry Elementary gymnasium roofs, Tabb Elementary classrooms and Grafton Complex gymnasium	05/10/12	07/15/32	2.55-5.05%	6,925,000
VPSA 12					<u>\$ 57,690,000</u>

The following is a summary of the repayment schedules for fiscal years:

	<b>Governmental Activities</b>	
<b><u>Year</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2013	\$ 4,720,000	\$ 2,558,703
2014	5,200,000	2,421,722
2015	5,430,000	2,166,705
2016	3,560,000	1,949,475
2017	3,745,000	1,770,599
2018 - 2022	16,315,000	6,400,498
2023 - 2027	14,305,000	2,722,128
2028 - 2032	3,905,000	459,576
2033 - 2037	510,000	11,602
	<u>\$ 57,690,000</u>	<u>\$ 20,461,008</u>

**Compensated Absences**

For governmental activities, compensated absences are typically liquidated by the general fund.

**Lease Revenue Bonds**

Principal payments will be made in annual installments and interest payments will be made in semi-annual installments. Outstanding lease revenue bonds at June 30, 2012 of the primary government governmental activities are as follows:



**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**7. LONG-TERM DEBT, Continued**

<u>Series</u>	<u>Purpose</u>	<u>Bond Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance June 30, 2012</u>
2003	800 mhz system, equipment, parking garage	12/01/03	06/15/23	2.00-4.50%	\$ 11,175,000
2008	Sports Field Complex, fire station additions	12/01/08	10/01/29	3.125-5.327%	16,120,000
					<u>\$ 27,295,000</u>

The following is a summary of the repayment schedules for fiscal years:

<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 1,430,000	\$ 1,237,563
2014	1,480,000	1,187,600
2015	1,535,000	1,135,663
2016	1,585,000	1,076,163
2017	1,660,000	1,005,417
2018 - 2022	9,480,000	3,829,265
2023 - 2027	6,365,000	1,723,699
2028 - 2032	3,760,000	298,570
	<u>\$ 27,295,000</u>	<u>\$ 11,493,940</u>

**Note Payable**

Note payable is a taxable-refunding note used to refinance the Virginia Retirement System (VRS) obligation incurred by the School Division in a one-time early retirement incentive program during the fiscal year 1992. Payments will be made in semi-annual installments plus interest calculated at 7.39% per annum. The following is a summary of the repayment schedules for fiscal years:

<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 346,653	\$ 46,874
2014	372,740	20,784
	<u>\$ 719,393</u>	<u>\$ 67,658</u>

**Revenue Bonds**

The County anticipates that the amounts required for the payment of interest and principal on the bonds will be provided by the respective enterprise funds revenues. Revenue bonds at June 30, 2012 of the primary government business-type activities are as follows:

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**7. LONG-TERM DEBT, Continued**

<u>Series</u>	<u>Purpose</u>	<u>Bond Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance June 30, 2012</u>
1992	Lackey sewer system	05/14/92	05/14/32	5.00%	\$ 444,595
2005	Sewer system refunding	06/08/05	06/01/29	3.00-5.00%	7,410,000
2010	Sewer systems	12/01/10	06/01/40	2.00-6.607%	15,155,000
					<u>\$ 23,009,595</u>

The following is a summary of the repayment schedules for fiscal years:

<u>Year</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 458,359	\$ 1,259,567
2014	464,035	1,245,519
2015	504,746	1,231,258
2016	520,493	1,215,686
2017	536,277	1,199,033
2018 - 2022	2,984,610	5,686,913
2023 - 2027	3,656,108	5,015,254
2028 - 2032	4,569,967	3,962,941
2033 - 2037	5,455,000	2,386,778
2038 - 2042	3,860,000	516,998
	<u>\$ 23,009,595</u>	<u>\$ 23,719,947</u>

**Virginia Peninsula Regional Jail Authority**

In June 2003, the Virginia Peninsula Regional Jail Authority (Jail Authority), of which the County is a member jurisdiction as discussed in Note 1, issued \$21,655,000 of Regional Jail Facility Refunding Revenue Bonds, Series 2003. The original bonds were issued for the purpose of acquiring, constructing and equipping a Regional Jail Facility to serve its member jurisdictions. The bonds bear interest at 2% to 5%, paid semi-annually. The bonds mature in amounts ranging from \$570,000 on October 1, 2003 to \$2,765,000 on October 1, 2018. The outstanding balance at June 30, 2012 was \$11,730,000. The bonds are limited obligations of the Jail Authority, and do not constitute a general obligation debt or pledge of the faith and credit of any member jurisdiction, nor do they obligate any member jurisdiction to levy or pledge any form of taxation therefore. However, the County has entered into a non-binding moral obligation pledge of the member jurisdictions in which the member jurisdictions have agreed to pay their proportionate share of the debt service on the bonds and any debt service funding requirements if the Jail Authority lacks sufficient funds to do so. The County's proportionate share is 34%.

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**7. LONG-TERM DEBT, Continued**

Economic Development Authority

In 2002, the County agreed to loan the EDA up to \$1,100,000 for the relocation and renovation of the Yorktown Freight Shed Building as part of a multi-million dollar renovation project to the Yorktown waterfront area. To realize significant savings, the County utilized historic building renovation tax credits, available through federal and Virginia income tax codes. To utilize the tax credits, title to the Freight Shed building was conveyed by the Yorktown Trustees to Yorktown Freight Shed, L.P. (a Virginia limited partnership), created to hold title to the building and to oversee the project with money provided by the County through the EDA. Interest on the outstanding principal balance of the note is due at a rate of 5.5% per annum. At June 30, 2012, the outstanding principal balance of the note payable was \$805,510.

In 2005, the County agreed to loan the EDA \$500,000 for restaurant equipment and related items. The EDA signed an agreement to lease equipment to a tenant who operates a restaurant at Riverwalk Landing. The lease agreement includes a repayment schedule based on a 20-year amortization schedule with a final balloon payment after ten years. Interest on the outstanding principal balance of the note is due at a rate of 4.14% per annum. At June 30, 2012, the outstanding principal balance on the note payable was \$337,526.

Community Development Authority

On November 27, 2007, the CDA issued special obligation bonds for \$32,860,000 to finance the construction of public infrastructure improvements located within the District. On March 1, 2012, the Bonds were restructured and reissued pursuant to a Restructuring Memorandum of Understanding. Under the restructuring and reissuance terms, the original 2007 Bonds have been restructured and \$2,805,000 of the original Bonds have been redeemed.

Interest on the bonds is payable each March 1 and September 1, commencing March 1, 2008. Interest is computed on the basis of a year of 360 days and twelve 30-day months. Interest rates range from 5.1% - 5.625%. The following is a summary of the repayment schedules for fiscal years:

Year Ending <u>June 30.</u>	<u>Series A Bonds 5.100%</u>		<u>Series B Bonds 5.625%</u>		<u>Series C Bonds 5.625%</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ -	\$ 289,425	\$ -	\$ 939,375	\$ -	\$ -
2014	-	289,425	-	939,375	-	-
2015	-	289,425	-	939,375	-	-
2016	-	289,425	-	939,375	-	-
2017	-	289,425	-	939,375	-	-
2018-2022	-	1,447,125	-	4,696,875	-	-
2023-2027	395,000	1,437,053	-	4,696,875	-	-
2028-2032	2,315,000	1,062,713	1,140,000	4,664,813	-	-
2033-2037	2,965,000	393,084	6,720,000	3,472,594	-	-
2038-2042	-	-	8,840,000	1,297,126	6,500,000	26,890,476
Total	<u>\$ 5,675,000</u>	<u>\$ 5,787,100</u>	<u>\$ 16,700,000</u>	<u>\$ 23,525,158</u>	<u>\$ 6,500,000</u>	<u>\$ 26,890,476</u>

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**8. FUND BALANCE (DEFICIT)**

Fund balance (deficit) is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance (deficit) for the major governmental funds and all other governmental funds are presented below:

<u>Purpose</u>	<u>General</u>	<u>Tourism</u>	<u>Yorktown Capital Imps</u>	<u>County Capital</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>						
Prepaid expenditures	\$ 86,782	\$ -	\$ -	\$ 201,943	\$ 9,033	\$ 297,758
Advances	10,491,838	-	-	-	-	10,491,838
Total nonspendable	<u>\$ 10,578,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,943</u>	<u>\$ 9,033</u>	<u>\$ 10,789,596</u>
<b>Restricted:</b>						
Public safety	\$ 713,335	\$ -	\$ -	\$ 54,153	\$ -	\$ 767,488
Judicial services	27,018	-	-	-	13,531	40,549
Community services	36,183	-	-	-	-	36,183
Tourism	-	363,357	-	-	-	363,357
Other purposes	5,398	-	-	-	1,788	7,186
Total restricted	<u>\$ 781,934</u>	<u>\$ 363,357</u>	<u>\$ -</u>	<u>\$ 54,153</u>	<u>\$ 15,319</u>	<u>\$ 1,214,763</u>
<b>Committed:</b>						
School reversion	\$ 436,806	\$ -	\$ -	\$ -	\$ -	\$ 436,806
Chesapeake Bay and Wetlands remediation	3,887	-	-	-	-	3,887
Meals tax for drainage projects	-	-	-	-	851,246	851,246
Workers' Compensation	2,000,173	-	-	-	-	2,000,173
Post employment benefits for School Division	4,452,081	-	-	-	-	4,452,081
Intergovernmental revenue shortfalls for School Division	5,488,023	-	-	-	-	5,488,023
Total committed	<u>\$ 12,380,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 851,246</u>	<u>\$ 13,232,216</u>
<b>Assigned:</b>						
Registrar and Electoral Board	\$ 117,829	\$ -	\$ -	\$ -	\$ -	\$ 117,829
Public safety	1,121,688	-	-	1,558,339	-	2,680,027
Environmental and Development services	898,770	-	-	279,857	-	1,178,627
Finance and Planning	1,054,759	-	-	-	-	1,054,759
Education and Educational services	15,435	-	-	-	-	15,435
General services	410,743	-	-	839,770	-	1,250,513
Community services	108,067	-	-	13,399	-	121,466
Other post-employment benefits	3,486,431	-	-	-	-	3,486,431
Capital outlay	11,618,424	-	-	6,253,356	-	17,871,780
Environmental and transportation improvements	-	-	-	4,793,097	-	4,793,097
Head Start and Social Services programs	-	-	-	-	1,321,157	1,321,157
Other purposes	165,818	-	-	-	-	165,818
Total assigned	<u>\$ 18,997,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,737,818</u>	<u>\$ 1,321,157</u>	<u>\$ 34,066,939</u>
<b>Unassigned</b>	<u>\$ 15,547,246</u>	<u>\$ -</u>	<u>\$ (7,308,883)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,238,363</u>
<b>Total fund balances (deficit)</b>	<u>\$ 58,286,734</u>	<u>\$ 363,357</u>	<u>\$ (7,308,883)</u>	<u>\$ 13,993,914</u>	<u>\$ 2,196,755</u>	<u>\$ 67,531,877</u>

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**9. LEASES**

County as Lessee

The County leases certain land, equipment and office space under noncancellable operating lease agreements. A summary of future minimum rental payments under these noncancellable operating leases as of June 30, 2012 is as follows:

<u>Year</u>	<u>Primary Government</u>	<u>Discretely Presented Component Unit - School Division</u>
2013	\$ 438,972	\$ 153,572
2014	422,250	71,621
2015	379,712	66,997
2016	374,012	56,243
2017	368,724	11,235
2018-2022	1,581,295	-
2023-2027	1,187,321	-
2028-2032	1,187,200	-
2033-2037	1,187,200	-
2038-2042	1,187,200	-
2043-2047	886,459	-
Total minimum lease payments	<u>\$ 9,200,345</u>	<u>\$ 359,668</u>

Rental expenditures for the year ended June 30, 2012 for all operating leases were \$471,634 and \$197,292 for the County and Discretely Presented Component Unit - School Division, respectively.

County as Lessor

The County leases the usage of its communication towers under operating lease agreements. The towers are included in capital assets as communications equipment with a cost of \$9,392,690 and accumulated depreciation of \$7,014,237, for a carrying amount of \$2,378,453 at June 30, 2012. A summary of the future minimum rental receipts under noncancellable operating leases as of June 30, 2012 is as follows:

<u>Year</u>	<u>Primary Government</u>	<u>Discretely Presented Component Unit - School Division</u>
2013	\$ 193,882	\$ 325,116
2014	196,681	325,439
2015	184,849	324,946
2016	169,020	324,965
2017	169,920	324,814
2018-2022	913,841	-
2023-2027	477,574	-
2028-2032	235,686	-
2033-2037	95,731	-
2038-2042	95,710	-
2043-2047	11,419	-
Total minimum lease payments	<u>\$ 2,744,313</u>	<u>\$ 1,625,280</u>

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**9. LEASES, Continued**

Rental revenue receipts for all operating leases were \$620,787 for the County and \$325,305 for the School Division for the year ended June 30, 2012.

**Capital Leases**

The County leases certain equipment and a building under capital lease agreements. A summary of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2012 is as follows:

<u>Year</u>	<u>Primary Government</u>	
	<u>Governmental</u>	<u>Business-type</u>
	<u>Activities</u>	<u>Activities</u>
2013	\$ 159,568	\$ 337,825
2014	146,422	337,824
2015	345,523	337,825
2016	525,843	337,825
2017	500,990	-
2018-2022	1,881,465	-
Total minimum lease payments	3,559,811	1,351,299
Less amount representing interest	(642,690)	(120,683)
Present value of principal	<u>\$ 2,917,121</u>	<u>\$ 1,230,616</u>

The gross value of capital assets under capital lease agreements is as follows: Governmental Activities - \$3,173,586 (equipment) and Business-type Activities - \$2,038,931 (equipment).

**10. DEFINED BENEFIT PENSION PLANS**

**Plan Descriptions**

The County has three defined benefit pension plans. In the first plan (the "County" plan), the County contributes to the Virginia Retirement System (VRS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia. The County payroll for employees covered by the VRS for the year ended June 30, 2012 was \$34,984,222 out of the total payroll of \$39,522,733.

In the second plan (the "School Division" plan), professional employees of the School Division are covered by the VRS. Professional employees participate in a VRS statewide teacher cost sharing pool. The payroll for professional employees covered by VRS for the year ended June 30, 2012 was \$60,693,441 and the total payroll was \$61,801,385. As of June 30, 1992, non-professional employees of the School Division are also covered by the VRS. Non-professional employees participate as a separate group in the agent multiple-employer retirement system. The payroll for non-professional employees covered by VRS for the year ended June 30, 2012 was \$6,016,887 and the total payroll was \$7,559,716.

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**10. DEFINED BENEFIT PENSION PLANS, Continued**

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

VRS administers two defined benefit plans for local government employees - Plan 1 and Plan 2:

Plan 1: Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.

Plan 2: Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation.

Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.



**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**10. DEFINED BENEFIT PENSION PLANS, Continued**

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2011-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

In the third plan (the "optional" plan), non-professional employees of the School Division who were not previously covered by VRS are provided pension benefits through a single employer defined benefit pension plan administered by a fiduciary agent of the School Division. The optional plan provides retirement benefits as well as death and disability benefits. As of June 30, 1992, the optional plan was frozen and the non-professional employees who participated in the plan became fully vested. The non-professional employees now participate in the VRS.

**Funding Policy**

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their compensation toward their retirement. All of the 5% member contribution has been assumed by the County and by the School Division. In addition, the County and the School Division are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Division of Trustees. The County's contribution rate for fiscal year ended 2012 was 13.97% of annual covered payroll. The School Division's contribution rate for fiscal year ended 2012 for professional and non-professional employees was 11.33% and 11.64%, respectively, of annual covered payroll.

**Annual Pension Cost and Net Pension Obligation**

For fiscal year 2012, the County's annual pension cost and net pension obligation were follows:

<b>Three-Year Trend Information - County</b>			
<b>Fiscal Year</b>	<b>Annual Pension Cost</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/2012	\$ 4,887,296	100%	\$ -
6/30/2011	5,002,989	100%	-
6/30/2010	4,809,039	100%	-

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**10. DEFINED BENEFIT PENSION PLANS, Continued**

The School Division's annual pension cost and net pension obligation for non-professional and professional employees were as follows:

<b>Three-Year Trend Information - School Division</b>						
<b>Fiscal Year</b>	<b>Nonprofessional Employees</b>			<b>Professional Employees</b>		
	<b>Annual Pension Cost</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>	<b>Annual Pension Cost</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/2012	\$ 699,906	100%	\$ -	\$ 6,876,567	100%	\$ -
6/30/2011	717,579	100%	-	5,482,734	100%	-
6/30/2010	743,242	100%	-	7,043,137	100%	-

The School Division's annual required contributions for the optional plan were \$41,786, \$45,923 and \$37,710, and actual contributions were \$100,000, \$100,000 and \$200,000 for 2012, 2011 and 2010 respectively.

<b>Three-Year Trend Information - School Division</b>			
<b>Fiscal Year</b>	<b>Annual Pension Cost</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/2012	\$ 41,786	100%	\$ -
6/30/2011	45,923	100%	-
6/30/2010	37,710	100%	-

**Actuarial Methods and Assumptions**

The required contribution for VRS was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.0% investment rate of return, (b) projected salary increases ranging from 3.75% - 5.60% per year for general government employees and 3.50% - 4.75% for employees eligible for enhanced benefits for available law enforcement officers, firefighters and sheriffs, and (c) 2.5% and 2.25% per year cost-of-living adjustments for Plan 1 and Plan 2, respectively. Both (a) and (b) included an inflation component of 2.5%. The actuarial value of the County's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a 5-year period. The County's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis for a period of thirty years.

The actuarial accrued liability for the optional plan was determined as part of an actuarial valuation on June 30, 2012 using the projected unit credit actuarial cost method. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7% per year compounded annually, (b) post-retirement benefit increases of 2% per year, and (c) percentage of current retiree benefits to be paid of 100%.

**Funded Status and Funding Progress**

As of June 30, 2011, the most recent actuarial valuation date, the County's plan was 78.71% funded. The actuarial accrued liability for benefits was \$153,755,914, and the actuarial value of assets was \$121,021,815, resulting in an unfunded actuarial accrued liability (UAAL) of \$32,734,099.

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**10. DEFINED BENEFIT PENSION PLANS, Continued**

The covered payroll (annual payroll of active employees covered by the plan) was \$35,320,303, and the ratio of the UAAL to the covered payroll was 92.68%.

As of June 30, 2011, the most recent actuarial valuation date, the School Division's plan for its non-professional employees was 82.69% funded. The actual accrued liability for benefits was \$17,947,365, and the actuarial value of assets was \$14,841,019, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,106,346. The covered payroll (annual payroll of active employees covered by the plan) was \$6,172,968, and the ratio of the UAAL to the covered payroll was 50.32%.

As of June 30, 2012, the most recent actuarial valuation date, the School Division's optional plan was 96.58% funded. The actual accrued liability for benefits was \$1,935,161, and the actuarial value of assets was \$1,869,001, resulting in an unfunded actuarial accrued liability (UAAL) of \$66,160. The covered payroll was \$649,817 and the ratio of the UAAL to the covered payroll was 10.18%.

The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actual accrual liability for benefits.

**11. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Plan Descriptions

The County's OPEB plan is a single-employer defined benefit plan administered by York County. Employees retiring after January 1, 2002 and having twenty or more years of service with the County and receiving a VRS annuity will qualify for a health insurance premium contribution from the County. The retiree's Virginia Retirement System (VRS) annuity may be either a full or reduced benefit. The amount of the County's contribution shall be equal to 50% of the retiree's total monthly health insurance premium subject to the following provisions. The County's 50% contribution will be reduced by the amount of any health insurance credit that the retiree may qualify for under the VRS program. Retiring employees who have fifteen years of service with the VRS will qualify for the VRS Retiree Health Insurance Credit Program. At June 30, 2012, 65 retirees were participating in this program. For the School Division, 71 retirees were participating in this program.

The School Division's OPEB plan is a single-employer defined benefit plan administered by the School Division. The School Division provides post-retirement health care benefits, in accordance with School Division policy, to all employees who retire from York County Public Schools with 100 days of accumulated sick leave, 10 years of service and a minimum of 24 months participation in the health insurance program immediately prior to retirement. At June 30, 2012, one retiree was participating in this program. The School Division pays a monthly contribution of \$25 toward the health care program premium for a total period of time not to exceed 10 years or until retiree is eligible for Medicare, whichever occurs first.

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**11. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued**

Funding Policy

The County established an internal service fund to account for other post-employment benefits. An amount equal to the annual required contribution was made to the fund during fiscal year 2012, and the pay-as-you-go expenses were made from the fund. GASB Statement No. 45 requires recognition of the current OPEB expense based on the annual required contribution, but does not require funding of the related liability. For fiscal year 2012, the County provided an annual contribution of \$345,691, and the annual required contribution was \$1,447,373.

The School Division opted not to advance-fund or establish a funding methodology for its OPEB costs or net OPEB obligation. For fiscal year 2012, the School Division provided an annual contribution of \$464,633, and the annual required contribution was \$523,192.

Annual OPEB Cost

The County's and School Division's annual OPEB expense is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance within the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. For fiscal year 2012, the County's and its discretely presented component unit - School Division's annual OPEB cost, the amount actually contributed to the plan, and changes in the net OPEB obligation are as follows:

	<u>County</u>	<u>School Division</u>
Normal cost	\$ 706,514	\$ 297,613
Amortization of unfunded accrued liability	678,532	203,049
Interest	62,327	22,530
Annual required contribution	1,447,373	523,192
Interest on net OPEB obligation (NOO)	91,415	17,963
Amortization of NOO	(77,577)	(15,244)
Annual OPEB cost	1,461,211	525,911
Actual contribution towards OPEB cost	(345,691)	(464,633)
Increase in NOO	1,115,520	61,278
NOO, beginning of year	1,937,820	399,183
NOO, end of year	<u>\$ 3,053,340</u>	<u>\$ 460,461</u>

The County's and School Division's annual OPEB cost, the percent of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

<b>Three-Year Trend Information - County</b>			
<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2012	\$ 1,447,373	24%	\$ 3,053,340
6/30/2011	1,221,238	47%	1,937,820
6/30/2010	916,976	34%	1,279,709

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**11. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued**

<b>Three-Year Trend Information - School Division</b>			
<b>Fiscal Year</b>	<b>Annual OPEB Cost</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation (Asset)</b>
6/30/2012	\$ 523,192	89%	\$ 460,461
6/30/2011	561,211	61%	399,183
6/30/2010	531,102	59%	181,080

**Funded Status and Funding Progress**

As of June 30, 2012, the County's actuarial accrued liability for benefits was \$16,698,584, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$16,698,584. The covered payroll (annual payroll of active employees covered by the plan) was \$35,054,741, and the ratio of the UAAL to the covered payroll was 47.64%.

As of June 30, 2012, the School Division's actuarial accrued liability for benefits was \$4,963,126, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,963,126. The covered payroll (annual payroll of active employees covered by the plan) was \$69,361,101, \$69,023,976 and \$74,140,073 for fiscal years 2012, 2011, and 2010 respectively and the ratio of the UAAL to the covered payroll was 7.16%, 8.48% and 7.59% for fiscal years 2012, 2011 and 2010.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actual accrual liability for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan in effect at the time of valuation and on the pattern of sharing of costs between the employer and plan members. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the County's June 30, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (discount rate) and an annual healthcare cost trend rate of 9.5% initially, grading to a rate of 5% for fiscal year ending June 30, 2016. The unfunded actuarial accrual liability (UAAL) is being amortized over a closed thirty-year period as a level percentage of projected payroll, assumed to grow 3.5% per year.

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**11. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued**

In the School's June 30, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (discount rate) and an annual healthcare cost trend rate of 10.0%, grading to a rate of 5% for fiscal year ending June 30, 2019. The unfunded actuarial accrual liability (UAAL) is being amortized over a closed thirty-year period as a level percentage of projected payroll, assumed to grow 3.5% per year.

**12. DEFERRED COMPENSATION PLAN**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the participants. Investments are managed by the plan's trustee under one or a combination of 49 investment options. The participants make the choice of the investment options.

The School Division offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, available to all School employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until separation from service, retirement, death, disability, financial hardship and/or reaching age 59½. The School Division offers a selection of investment options to participants. All earnings on the invested funds compound tax-free until withdrawn from the account.

The County offered to its employees a retirement health savings plan, which was available to all full-time, regular County employees who have worked in that capacity for at least one full year. Participation in the plan was optional and employees could be reimbursed for qualified medical expenses, in accordance with Internal Revenue Service Publication 502, for themselves, spouse, and dependents upon separation or retirement from the County.

In March 2007, the County was notified of an IRS ruling that due to its elective features, disallowed the County's plan design to continue and consequently, new elections to the existing plan are no longer accepted. The existing plan preserves the favorable tax treatments for elections and contributions prior to December 31, 2007. Investments are managed by the plan's trustee under one or a combination of 13 investment options.

**13. COMMITMENTS AND CONTINGENT LIABILITIES**

**Significant Commitments**

Significant commitments as of June 30, 2012 were as follows:

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**13. COMMITMENTS AND CONTINGENT LIABILITIES, Continued**

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Queens Lake sewer construction	\$ 1,208,444	\$ 4,078,991
Queens Lake sewer pump station	-	1,292,770
Sheriff equipment	-	616,275
Darby-Firby - Kings Villa pump station	-	606,000
Emergency Communications radio rebanding project	-	382,785
Queens Lake sewer architect and engineering fees	140,172	331,193
Fire and life safety equipment	320,000	328,339
Oak-Dogwood sewer construction	430,831	265,041
East Rochambeau sewer utility construction	350,913	225,932
Bruton High School pump station	64,915	207,190
East Rochambeau water utility construction	382,712	181,959
Dare Elementary School stormwater architect and engineering fees	52,342	103,940
Wormley Creek sewer architect and engineering fees	<u>\$ 2,950,329</u>	<u>\$ 8,620,415</u>

**Risk Management**

The County and the School Division are exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County reports all of its risk management activities in its General Fund and pays all claims for retained risks from General Fund resources.

The School Division reports all of its risk management activities in its Operating Fund and pays all claims for retained risks from Operating Fund resources. The County and the School Division maintain comprehensive property and casualty policies, commercial general liability policies, comprehensive liability vehicle fleet policies and coverages for errors and omissions, and employer's liability and certain other risks with commercial insurance companies.

The General and School Operating Funds retain the full risk for unemployment compensation; up to \$250,000 for each health care claim for the County and up to \$150,000 for each health care claim through September 30, 2011 and up to \$300,000 for each health care claim beginning October 1, 2011 for the School Division, and up to \$400,000 and \$500,000 for each workers' compensation occurrence with no aggregate, for the County and School Division, respectively.

All unemployment, health care claims and workers' compensation claims are paid through a third-party administrator through resources from the General and School Operating Funds. For all retained risks, claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The County's health care liability at June 30 is included in salaries, taxes and benefits payable in the applicable County funds. The County had available \$2,106,320 for health care claims and \$2,000,173 for workers' compensation claims at June 30, 2012, which is considered sufficient to cover pending claims and incurred but not reported claims that may arise. Changes in the reported amounts since June 30, 2010 resulted from the following:



**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**13. COMMITMENTS AND CONTINGENT LIABILITIES, Continued**

	<u><b>2012</b></u>	<u><b>2011</b></u>
Accrued liability/designated fund balance,		
beginning of fiscal year	\$ 4,504,836	\$ 4,063,133
Claims and changes in estimates	9,210,812	8,091,324
Claims payment	<u>(9,609,155)</u>	<u>(7,649,621)</u>
Accrued liability/committed fund balance, end of fiscal year	<u><u>\$ 4,106,493</u></u>	<u><u>\$ 4,504,836</u></u>

The School Division health care claim liability at June 30 is included in salaries, taxes, and benefits payable balance of its Operating Fund. The School Division had available \$3,292,106 for health care claims and \$3,485,632 for workers' compensation claims at June 30, 2012, which is considered sufficient to cover pending claims and incurred but not reported claims that may arise. Changes in the reported amounts since June 30, 2010 resulted from the following:

	<u><b>2012</b></u>	<u><b>2011</b></u>
Accrued liability/committed fund fund balance,		
beginning of fiscal year	\$ 7,401,767	\$ 7,698,954
Claims and changes in estimates	12,791,019	11,664,403
Claims payment	<u>(13,415,048)</u>	<u>(11,961,590)</u>
Accrued liability/committed fund balance, end of fiscal year	<u><u>\$ 6,777,738</u></u>	<u><u>\$ 7,401,767</u></u>

**Landfill Post-Closure**

State and federal laws and regulations require that the County perform post-closure care requirements on its landfill. The landfill was closed on October 9, 1993. An annual evaluation is performed to determine future costs and actual costs may differ due to inflation, deflation, changes in technology or changes in regulations. Funding of these costs will be from current operating revenues.

**Consent Order**

A Consent Special Order has been issued under the authority of Virginia Code 62.1-44.15(8a) between the State Water Control Board and the Hampton Roads Sanitation District, the cities of Chesapeake, Hampton, Newport News, Poquoson, Portsmouth, Suffolk, Virginia Beach and Williamsburg; the counties of Gloucester, Isle of Wight, and York; the James City Service Authority; and the town of Smithfield for the purpose of resolving certain alleged violations of environmental laws and regulations. The goal of the Order by Consent is to eliminate all sanitary sewer overflows. As part of the Special Order by Consent, all parties have agreed to a Regional Technical Standard that requires detailed flow modeling, collection of real time rainfall data, peak flow threshold calculations, projected 10 year, 24 hour peak flows, comprehensive sewer system field inspections and testing and the development of a regional and a locality sanitary sewer hydraulic model. With the data collected and inspection results, each party to the Order by Consent has to submit to the Commonwealth of Virginia, Department of Environmental Quality, a Condition Assessment Report of each sanitary sewer basin and develop a comprehensive Rehabilitation Plan, with costs and associated schedule.

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements, Continued  
June 30, 2012

**13. COMMITMENTS AND CONTINGENT LIABILITIES, Continued**

Litigation

The County is a defendant in various lawsuits and although the outcome of these lawsuits is not presently determinable, in the opinion of the County's counsel, a possible claim or assessment does exist. Management estimates that the outcome will not have a material adverse effect on the financial condition of the County.

**14. DISCRETELY PRESENTED COMPONENT UNIT – CDA: RESTATEMENT OF PRIOR PERIODS**

GASB has issued Statement 65, *Items Previously Reported as Assets and Liabilities*, which amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged and the CDA elected to implement this statement as of June 30, 2012. Under this Statement, costs associated with debt issuance should be recognized as an expense in the period incurred and adoption should be applied retroactively. Previously, bond issue costs were capitalized and amortized over the life of the bonds. As a result, net position and net loss have been restated as follows:

	<u>Fiscal Year</u>		<u>Previously Reported</u>	<u>Restatement</u>	<u>As Restated</u>
Net Position	2011	\$	(2,820,970)	\$ (290,805)	\$ (3,111,775)
Net Loss	2011	\$	(1,556,343)	\$ 40,577	\$ (1,515,766)

**15. SUBSEQUENT EVENT**

As discussed in note 3, Receivables, and in accordance with the repayment terms, on July 1, 2012, the remaining principal and interest on the Freight Shed note became due and payable in full. The Yorktown Freight Shed, LP defaulted on the loan, and in accordance with the agreement, the property and partnership's assets conveyed to the EDA and then to the County in September 2012, in full satisfaction of the obligation.

**REQUIRED SUPPLEMENTARY INFORMATION –  
BUDGET COMPARISON SCHEDULE**

**GENERAL FUND**

To account for revenues and expenditures of the County not accounted for in other funds. Revenues are primarily derived from general property taxes, other local taxes, licenses, permits and fees, revenues from the Commonwealth of Virginia and federal grants.

A significant part of the General Fund's revenues is provided to the County of York Public School Division to fund operations and transferred to other funds to meet debt service requirements, assist with the operations of Virginia Public Assistance and fund capital projects.

**COUNTY OF YORK, VIRGINIA**  
Required Supplementary Information - Budgetary Comparison Schedule  
General Fund - Revenues and Other Financing Sources  
Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
General property taxes:				
Real property taxes	\$ 58,985,000	\$ 58,985,000	\$ 61,007,570	\$ 2,022,570
Real and personal property taxes-public service corporation	2,800,000	2,800,000	2,613,343	(186,657)
Personal property taxes	11,185,000	11,185,000	10,840,358	(344,642)
Machinery and tools taxes	1,700,000	1,700,000	2,354,301	654,301
Boat taxes > 5 tons	80,000	80,000	84,939	4,939
Penalties and interest	720,000	720,000	867,964	147,964
Total general property taxes	75,470,000	75,470,000	77,768,475	2,298,475
Other local taxes:				
Local sales and use taxes	9,000,000	9,000,000	8,859,233	(140,767)
Hotel and motel room taxes	1,200,000	1,200,000	1,272,077	72,077
Restaurant food taxes	5,200,000	5,285,783	5,371,564	85,781
Business license taxes	5,330,000	5,330,000	5,727,943	397,943
Consumer utility taxes	285,000	285,000	233,759	(51,241)
Communications sales taxes	1,400,000	1,400,000	1,342,206	(57,794)
Vehicle registration fees	1,500,000	1,500,000	1,514,549	14,549
Bank stock taxes	200,000	200,000	265,232	65,232
Franchise taxes	-	-	735	735
Taxes on recordation and wills	1,566,000	1,566,000	1,604,286	38,286
Rental taxes	83,000	83,000	96,910	13,910
Total other local taxes	25,764,000	25,849,783	26,288,494	438,711
From the Federal Government:				
Payments in lieu of taxes	9,500	9,500	9,776	276
Categorical aid:				
Civil Defense grant	45,000	45,000	45,529	529
Universal Service Library E-rate program	-	-	12,768	12,768
Help America Vote Act grant	-	2,500	2,500	-
Violence Against Women Formula grant	27,366	27,366	27,366	-
Crime Victim Assistance grant	-	71,152	70,778	(374)
Community-Defined Solutions to Violence Against Women grant	-	-	162,488	162,488
DMV Traffic Enforcement grant	-	34,393	33,104	(1,289)
Community Development Block grant	-	-	547,546	547,546
Section 8 Housing Choice Vouchers program	124,800	124,800	114,816	(9,984)
Housing Counseling Assistance program	-	-	2,200	2,200
Citizen Corps grant	-	16,250	-	(16,250)
Citizen Emergency Response Team program	-	32,720	-	(32,720)
Assistance to Firefighters grant	-	9,844	9,844	-
Public Health Emergency Preparedness	-	-	29,245	29,245
State Homeland Security Program Hazmat grants	-	-	15,000	15,000
Disaster grant - Hurricane Irene	-	268,840	23,397	(245,443)
Indirect Cost Allocation reimbursement	-	104,077	89,969	(14,108)
State Criminal Alien Assistance program	-	9,891	9,891	-
Edward Byrne Memorial State and Local Law Enforcement grant	-	47,977	43,372	(4,605)
Bulletproof Vest Partnership program	-	8,150	5,558	(2,592)
Bureau of Justice Assistance grant	-	11,422	11,422	-
Drug Asset	-	34,051	34,051	-
Total categorical aid	197,166	848,433	1,290,844	442,411
Total revenues from the Federal Government	206,666	857,933	1,300,620	442,687
From the Commonwealth of Virginia:				
Non-categorical aid:				
Mobile home taxes	9,000	9,000	5,228	(3,772)
Rolling stock taxes	15,000	15,000	16,091	1,091
Personal property tax relief	8,741,680	8,741,680	8,741,680	-
Local Aid To Commonwealth	(245,515)	(245,515)	(255,753)	(10,238)
Total non-categorical aid	8,520,165	8,520,165	8,507,246	(12,919)
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	487,880	491,222	474,965	(16,257)
Sheriff	2,474,830	2,474,830	2,469,536	(5,294)
Commissioner of the Revenue	180,520	180,520	182,349	1,829
Treasurer	141,760	141,760	143,693	1,933
Registrar	43,800	43,800	56,724	12,924
Electoral Board	8,500	8,500	8,293	(207)
Clerk of the Circuit Court	424,965	490,863	470,519	(20,344)
Total shared expenses	3,762,255	3,831,495	3,806,079	(25,416)

(Continued)

**COUNTY OF YORK, VIRGINIA**  
Required Supplementary Information - Budgetary Comparison Schedule  
General Fund - Revenues and Other Financing Sources  
Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Other categorical aid:				
Emergency services grant	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Fire and life safety grants	-	1,717	1,717	-
Fire program funds	155,317	175,000	175,000	-
Four for Life funds	53,423	58,897	58,897	-
Wireless E911 services	250,000	250,000	262,236	12,236
Disaster grant - Hurricane Irene	-	57,352	4,991	(52,361)
VA E911 Services Education grant	-	2,000	2,000	-
Crime Victim Assistance grant	93,009	23,717	23,592	(125)
VA Juvenile Community Crime Control Act grant	50,470	54,684	54,684	-
VA Supreme Court extradition	-	3,345	3,345	-
Emergency Home Repair grant	5,510	10,474	10,474	-
Arts Commission grant	-	5,000	5,000	-
Library Aid	147,983	147,983	147,983	-
Drug Asset	-	10,658	10,659	1
Court services postage reimbursement	10,200	10,749	10,749	-
Total other categorical aid	790,912	836,576	796,327	(40,249)
Total categorical aid	4,553,167	4,668,071	4,602,406	(65,665)
Total revenues from the Commonwealth of Virginia	13,073,332	13,188,236	13,109,652	(78,584)
Permits, privilege fees and regulatory licenses:				
Animal licenses	40,000	40,000	42,242	2,242
Permits and other licenses	434,207	456,392	425,948	(30,444)
Total permits, privilege fees and regulatory licenses	474,207	496,392	468,190	(28,202)
Fines and forfeitures	340,600	340,600	387,560	46,960
Revenues from use of money and property:				
Use of money	115,000	115,043	76,794	(38,249)
Use of property	359,800	267,115	283,950	16,835
Total revenues from use of money and property	474,800	382,158	360,744	(21,414)
Charges for services:				
Court costs	165,400	165,400	139,854	(25,546)
Charges for Commonwealth's Attorney	7,000	7,000	14,088	7,088
Charges for Victim Witness	-	8,437	8,437	-
Charges for fiscal accounting services	1,500	1,500	2,930	1,430
Charges for law enforcement and traffic control	92,410	177,641	186,835	9,194
Charges for fire and rescue services	-	13,570	13,570	-
Charges for emergency medical services	1,100,000	1,100,000	1,282,533	182,533
Charges for parks and recreation	447,900	441,550	433,420	(8,130)
Charges for library	68,000	68,000	58,575	(9,425)
Charges for mosquito control	16,300	16,300	3,623	(12,677)
Charges for computer support services	10,000	11,265	8,507	(2,758)
Charges for self-insurance	38,220	38,220	38,220	-
Charges for grounds maintenance	1,121,365	1,121,365	1,121,365	-
Charges for law enforcement	282,200	282,200	270,094	(12,106)
Charges for video services	79,920	79,920	76,812	(3,108)
Charges for radio maintenance services	85,720	85,720	85,720	-
Charges for other	250	250	154	(96)
Total charges for services	3,516,185	3,618,338	3,744,737	126,399
Miscellaneous:				
Miscellaneous	178,518	292,870	368,264	75,394
Sale of surplus property	2,500	2,500	96,649	94,149
Total miscellaneous revenues	181,018	295,370	464,913	169,543
Recovered costs:				
City of Poquoson shared court services	409,300	409,300	385,054	(24,246)
City of Poquoson E911 services	296,500	296,500	296,500	-
City of Williamsburg E911 services	512,500	512,500	508,788	(3,712)
City of Williamsburg public safety	-	6,424	8,824	2,400
Regional radio system staffing	-	-	22,500	22,500
E911 CAD implementation	-	-	54,800	54,800
Assistance for Fire & Life Safety training and mutual aid	-	21,335	21,334	(1)
Fiscal agent fees	193,700	193,700	210,333	16,633
Streetlight operations	35,000	35,000	5,304	(29,696)
Signage	-	-	2,085	2,085
Flu shots	-	856	856	-
Commissioner of Accounts' postage and phone reimbursement	600	600	1,104	504
Economic Development Authority's postage reimbursement	25	25	-	(25)
Total recovered costs	1,447,625	1,476,240	1,517,482	41,242
Total revenues	120,948,433	121,975,050	125,410,867	3,435,817
Other financing sources:				
Sale of land	-	-	11,000	11,000
Insurance recovery	-	32,057	32,951	894
Transfers in	303,875	303,875	300,000	(3,875)
Total other financing sources	303,875	335,932	343,951	8,019
Total revenues and other financing sources	\$ 121,252,308	\$ 122,310,982	\$ 125,754,818	\$ 3,443,836

The accompanying notes are an integral part of the required supplementary information.

**COUNTY OF YORK, VIRGINIA**  
Required Supplementary Information - Budgetary Comparison Schedule  
General Fund - Expenditures and Other Financing Uses  
Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures:				
General Government:				
Legislative Department: Board of Supervisors	\$ 295,004	\$ 295,004	\$ 296,209	\$ (1,205)
Executive Department:				
County Administrator	423,672	423,672	405,069	18,603
Public Information and Community Relations	237,422	238,109	213,953	24,156
Video Services	350,454	350,580	333,249	17,331
County Attorney	389,977	389,977	428,909	(38,932)
Registrar	224,159	225,522	217,634	7,888
Electoral Board	234,043	235,180	116,398	118,782
Total General Government	<u>2,154,731</u>	<u>2,158,044</u>	<u>2,011,421</u>	<u>146,623</u>
Judicial Services:				
Circuit Court	78,973	78,973	58,290	20,683
General District Court	31,815	31,517	28,878	2,639
Juvenile and Domestic Relations Court	14,500	15,347	13,801	1,546
Clerk of the Circuit Court	874,832	917,765	802,485	115,280
Colonial Group Home Commission	430,755	434,969	431,925	3,044
Magistrate	1,245	1,245	897	348
Commonwealth's Attorney	1,031,107	1,040,905	889,564	151,341
Victim/Witness	359,924	362,133	351,225	10,908
Domestic Violence	49,060	49,060	46,578	2,482
Total Judicial Services	<u>2,872,211</u>	<u>2,931,914</u>	<u>2,623,643</u>	<u>308,271</u>
Public Safety:				
Sheriff General Operations	1,552,684	1,625,501	1,473,688	151,813
Law Enforcement	4,804,381	4,917,523	4,806,090	111,433
Investigations	1,474,836	1,595,716	1,510,559	85,157
Civil Operations/Court Security	1,322,290	1,313,352	1,275,266	38,086
Adult Corrections	2,917,371	2,927,262	2,684,138	243,124
School Resource Officers	322,320	328,098	320,313	7,785
Fire and Life Safety Administration	340,260	352,180	284,262	67,918
Fire and Rescue Operations	11,124,894	11,280,331	10,693,500	586,831
Technical Services and Special Operations	733,419	790,653	553,133	237,520
Prevention and Community Safety	333,446	347,831	343,494	4,337
Juvenile Corrections	402,320	402,320	371,891	30,429
Animal Control	271,474	273,191	242,441	30,750
Emergency Management	435,361	485,177	265,733	219,444
Emergency Communications/911	2,634,004	2,649,233	2,616,232	33,001
Radio Maintenance	163,272	161,716	155,076	6,640
Total Public Safety	<u>28,832,332</u>	<u>29,450,084</u>	<u>27,595,816</u>	<u>1,854,268</u>
Environmental and Development Services:				
Administration	212,326	212,326	208,826	3,500
Building Regulation	1,080,631	1,082,364	945,239	137,125
Stormwater Maintenance	833,426	845,822	815,637	30,185
Stormwater Management	496,407	496,407	453,979	42,428
Litter Control	29,827	31,577	31,173	404
Mosquito Control	311,380	312,636	265,438	47,198
Board of Zoning/Subdivision Appeals	4,400	4,400	3,186	1,214
Development and Compliance	710,298	710,298	713,258	(2,960)
Wetlands and Chesapeake Bay Boards	13,177	13,177	4,904	8,273
Total Environmental and Development Services	<u>3,691,872</u>	<u>3,709,007</u>	<u>3,441,640</u>	<u>267,367</u>
Finance and Planning:				
Administration	73,092	80,455	73,227	7,228
Computer Support Services	1,882,617	1,905,582	1,606,637	298,945
Human Resources	553,895	553,895	550,456	3,439
Budget and Financial Reporting	432,982	450,427	442,991	7,436
Fiscal Accounting Services	695,300	707,389	628,215	79,174
Commissioner of the Revenue	1,021,602	1,022,168	1,005,705	16,463
Treasurer	897,306	897,872	857,746	40,126
Real Estate Assessment	589,018	591,977	504,491	87,486
Central Purchasing	395,095	396,710	394,316	2,394
Central Administrative Services	357,301	347,191	153,403	193,788
Central Insurance	443,722	597,538	286,736	310,802

(Continued)

The accompanying notes are an integral part of the required supplementary information.

**COUNTY OF YORK, VIRGINIA**  
Required Supplementary Information - Budgetary Comparison Schedule  
General Fund - Expenditures and Other Financing Uses  
Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Planning	\$ 461,154	\$ 461,960	\$ 443,948	\$ 18,012
Planning Commission	20,387	20,387	18,654	1,733
Economic Development	949,759	949,759	366,734	583,025
Office of Economic Development	372,220	372,220	354,453	17,767
Total Finance and Planning	<u>9,145,450</u>	<u>9,355,530</u>	<u>7,687,712</u>	<u>1,667,818</u>
Education:				
County of York Public School Division - Local	45,389,879	45,389,879	44,953,073	436,806
Library Services	2,576,679	2,587,148	2,477,726	109,422
Cooperative Extension	49,555	49,566	32,752	16,814
Total Education	<u>48,016,113</u>	<u>48,026,593</u>	<u>47,463,551</u>	<u>563,042</u>
Human Services:				
Health Services	402,920	402,920	396,733	6,187
Colonial Behavioral Health - Local	731,434	731,434	731,434	-
Social Services - payments to Board members	1,550	1,550	1,065	485
Contributions	206,423	206,615	206,615	-
Total Human Services	<u>1,342,327</u>	<u>1,342,519</u>	<u>1,335,847</u>	<u>6,672</u>
General Services:				
Administration	71,736	162,597	157,226	5,371
Engineering and Facility Maintenance	2,245,072	2,353,798	2,285,419	68,379
Facility/Utility Charges	1,322,776	1,326,376	1,019,416	306,960
Telecommunications	287,074	288,152	284,200	3,952
Grounds Maintenance and Construction	3,434,085	3,415,205	3,000,864	414,341
Total General Services	<u>7,360,743</u>	<u>7,546,128</u>	<u>6,747,125</u>	<u>799,003</u>
Community Services:				
Administration	264,570	264,442	72,735	191,707
Special Programs	259,720	254,071	232,824	21,247
Housing - Administration	216,099	213,158	143,631	69,527
Housing - Rental Assistance	136,342	134,442	120,068	14,374
Housing - Rehabilitation	873,267	892,748	789,845	102,903
Public Transportation	20,000	20,000	19,014	986
Parks and Recreation	2,030,141	2,039,961	1,868,030	171,931
Tourism and Events	83,455	83,455	82,855	600
Total Community Services	<u>3,883,594</u>	<u>3,902,277</u>	<u>3,329,002</u>	<u>573,275</u>
Non-departmental:				
Employee benefits	1,182,966	1,148,523	1,063,015	85,508
Contributions	423,223	428,223	406,994	21,229
Appropriated reserves	50,000	50,000	-	50,000
Total Non-departmental	<u>1,656,189</u>	<u>1,626,746</u>	<u>1,470,009</u>	<u>156,737</u>
Capital Outlay	<u>1,975,592</u>	<u>1,975,592</u>	<u>286,706</u>	<u>1,688,886</u>
Debt Service:				
Principal retirement	3,804	3,804	3,804	-
Interest and fiscal charges	335	335	335	-
Total debt service	<u>4,139</u>	<u>4,139</u>	<u>4,139</u>	<u>-</u>
Total expenditures	<u>110,935,293</u>	<u>112,028,573</u>	<u>103,996,611</u>	<u>8,031,962</u>
Other Financing Uses:				
Transfers out	20,643,708	20,743,394	17,693,715	3,049,679
Total other financing uses	<u>20,643,708</u>	<u>20,743,394</u>	<u>17,693,715</u>	<u>3,049,679</u>
Total expenditures and other financing uses	<u>\$ 131,579,001</u>	<u>\$ 132,771,967</u>	<u>\$ 121,690,326</u>	<u>\$ 11,081,641</u>

The accompanying notes are an integral part of the required supplementary information.



**REQUIRED SUPPLEMENTARY INFORMATION –  
BUDGET COMPARISON SCHEDULE**

**TOURISM FUND**

To account for the receipt and disbursement of 3% of the lodging tax and the \$2.00 additional tax restricted by the Commonwealth of Virginia for tourism activities. This fund is a major special revenue fund, with a legally adopted annual budget.

**COUNTY OF YORK, VIRGINIA**  
Required Supplementary Information - Budgetary Comparison Schedule  
Tourism Fund  
For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Other local taxes	\$ 2,875,000	\$ 3,006,348	\$ 3,006,349	\$ 1
Use of money and property	4,000	4,000	1,889	(2,111)
Recovered costs	-	4,000	4,000	-
Total revenues	<u>2,879,000</u>	<u>3,014,348</u>	<u>3,012,238</u>	<u>(2,110)</u>
<b>EXPENDITURES</b>				
Current:				
Finance and planning	134,687	134,687	134,687	-
Community services	2,089,371	2,223,639	1,942,974	280,665
Debt service - principal retirement	<u>27,325</u>	<u>27,325</u>	<u>25,711</u>	<u>1,614</u>
Total expenditures	<u>2,251,383</u>	<u>2,385,651</u>	<u>2,103,372</u>	<u>282,279</u>
Excess (deficiency) of revenues over (under) expenditures	<u>627,617</u>	<u>628,697</u>	<u>908,866</u>	<u>280,169</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(659,213)</u>	<u>(843,481)</u>	<u>(760,293)</u>	<u>83,188</u>
Total other financing sources and uses	<u>(659,213)</u>	<u>(843,481)</u>	<u>(760,293)</u>	<u>83,188</u>
Net change in fund balances	<u>(31,596)</u>	<u>(214,784)</u>	<u>148,573</u>	<u>363,357</u>
Fund balances, beginning of year	<u>31,596</u>	<u>214,784</u>	<u>214,784</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 363,357</u>	<u>\$ 363,357</u>

The accompanying notes are an integral part of the required supplementary information.

**COUNTY OF YORK, VIRGINIA**  
Required Supplementary Information - Schedule of Funding Progress (Unaudited)  
Year Ended June 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) -Entry Age	Unfunded AAL (UAAL) (Funding Excess)	Funded Ratio	Covered Payroll	UAAL (Funding Excess) as % of Payroll
<b>PRIMARY GOVERNMENT</b>						
<u>Virginia Retirement System - County of York Employees</u>						
June 30, 2011	\$ 121,021,815	\$ 153,755,914	\$ 32,734,099	78.71%	\$ 35,320,303	92.68%
June 30, 2010	116,108,792	146,492,079	30,383,287	79.26%	36,442,031	83.37%
June 30, 2009	112,919,847	129,774,770	16,854,923	87.01%	36,662,675	45.97%
<u>Other Post-Employment Benefits (OPEB)</u>						
June 30, 2012	\$ -	\$ 16,698,584	\$ 16,698,584	0.00%	\$ 35,054,741	47.64%
June 30, 2011	-	14,538,417	14,538,417	0.00%	35,815,826	40.59%
June 30, 2010	-	10,537,028	10,537,028	0.00%	36,403,270	28.95%
<b>COMPONENT UNIT - YORK COUNTY SCHOOL DIVISION</b>						
<u>Virginia Retirement System - Nonprofessional Employees</u>						
June 30, 2011	\$ 14,841,019	\$ 17,947,365	\$ 3,106,346	82.69%	\$ 6,172,968	50.32%
June 30, 2010	14,238,936	16,705,389	2,466,453	85.24%	6,308,288	39.10%
June 30, 2009	13,799,075	15,038,513	1,239,438	91.76%	6,286,774	19.72%
<u>Single Employer Defined Benefit Pension - Optional Plan</u>						
June 30, 2012	\$ 1,869,001	\$ 1,935,161	\$ 66,160	96.58%	\$ 649,817	10.18%
June 30, 2011	1,905,910	2,137,314	231,404	89.17%	646,369	35.80%
June 30, 2010	1,727,814	1,963,084	235,270	88.02%	706,736	33.29%
June 30, 2009	1,607,917	2,119,957	512,040	75.85%	804,245	63.67%
June 30, 2008	1,795,341	2,147,410	352,069	83.60%	1,028,939	34.22%
June 30, 2007	1,754,350	2,094,391	340,041	83.76%	1,147,012	29.65%
<u>Other Post-Employment Benefits (OPEB)</u>						
June 30, 2012	\$ -	\$ 4,963,126	\$ 4,963,126	0.00%	\$ 69,361,101	7.16%
June 30, 2011	-	5,854,702	5,854,702	0.00%	69,023,976	8.48%
June 30, 2010	-	5,629,250	5,629,250	0.00%	74,140,073	7.59%

The accompanying notes are an integral part of the required supplementary information.

**COUNTY OF YORK, VIRGINIA****Required Supplementary Information - Schedule of Employer Contributions (Unaudited)  
Year Ended June 30, 2012****PRIMARY GOVERNMENT**Other Post-Employment Benefits (OPEB)

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2012	\$ 1,447,373	24.00%
2011	1,221,238	47.00%
2010	916,976	34.00%

**COMPONENT UNIT - YORK COUNTY SCHOOL DIVISION**Single Employer Defined Benefit Pension - Optional Plan

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2012	\$ 41,786	100.00%
2011	45,923	100.00%
2010	37,710	100.00%
2009	55,838	100.00%
2008	45,750	100.00%
2007	69,186	100.00%

Other Post-Employment Benefits (OPEB)

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2012	\$ 523,192	89.00%
2011	561,211	61.00%
2010	531,102	59.00%

The accompanying notes are an integral part of the required supplementary information.

**COUNTY OF YORK, VIRGINIA**  
Notes to Required Supplementary Information  
June 30, 2012

**1. BUDGETARY DATA**

Annual budget requests for the ensuing fiscal year are submitted to the County Administrator by department or agency heads during the second quarter of the fiscal year. The County Administrator reviews the requests and meetings are held with department heads and agencies for discussion. After work sessions with the Board of Supervisors and public hearings, the budget is amended as necessary and an appropriations resolution by functional level is adopted. The budget is required to be adopted by a majority vote of the Board of Supervisors prior to the end of the current fiscal year.

The budgetary data reported in the required supplementary information reflects the approved County Budget as adopted by the Board of Supervisors for the year ended June 30, 2012, as amended. The budget may be amended by the Board of Supervisors through supplemental appropriations or transfers as necessary. The legal level of budgetary control rests at the fund level with the exception of the General Fund, which is appropriated at the functional level. In addition, the County Code provides that the County Administrator may transfer funds within appropriation functions. These transfers may be made to allow the disbursement of funds for unanticipated costs incurred in daily County operations and any such transfer may not result in a change in the total appropriated for personnel or non-personnel costs within the function.

The budgets are prepared on a basis consistent with the modified accrual basis of accounting. The General Fund's budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. According to the County Code, unexpended appropriations lapse at the end of the fiscal year. Encumbered balances, grants and donations, capital and maintenance, and other balances for specific purposes may be reappropriated in the following year by the Board of Supervisors.

The General, Special Revenue, Debt Service, Capital Projects, and Proprietary funds have legally adopted budgets, except those with only depreciation (the York Sanitary District Fund, the Upper County Utility Fund, and the Sanitary District No. 2 Fund).

**2. PENSION DATA**

The supplemental information presented is intended to help users assess each system's funding status on a going concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems. Information pertaining to the retirement systems can be found in the notes to the financial statements.

**3. OTHER POST-EMPLOYMENT BENEFITS (OPEB) DATA**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The required schedule of funding progress presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Information pertaining to the OPEB plans can be found in the notes to the financial statements.

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds:

Children and Family Services Fund - accounts for the receipt and disbursement of federal and local funds for the Head Start and USDA Food Service Programs.

Virginia Public Assistance Fund - accounts for the rendering of economic aid to qualifying citizens.

Law Library Fund - accounts for the receipt and disbursement of funds for the Law Library.

Community Development Authority Revenue Account Fund - accounts for the incremental tax revenues generated by the Marquis Lifestyle Center and paid to the Authority's trustee and for the payment to the County for services provided to the facilities in the project area.

### Debt Service Funds:

County Fund - accounts for the receipt and payment of bonds and loans issued for the construction and maintenance of County facilities and equipment.

Education Fund - accounts for the receipt and payment of bonds and loans issued for the construction and maintenance of educational facilities and equipment. This fund is a major governmental fund; however, it is shown here for budgetary comparison purposes.

### Capital Project Funds:

Stormwater Fund - accounts for revenue and expenditures related to the drainage maintenance projects.

Yorktown Capital Improvements Fund - accounts for revenue and expenditures related to capital improvements in the historical Yorktown area. This fund is a major governmental fund; however, it is shown here for budgetary comparison purposes.

County Capital Fund - accounts for revenue and expenditures related to construction or acquisition of facilities and equipment in the general governmental areas such as facilities maintenance, public safety, and parks and recreation. This fund is a major governmental fund; however, it is shown here for budgetary comparison purposes.

**COUNTY OF YORK, VIRGINIA**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2012

	Special Revenue					Total Nonmajor Governmental Funds
	Children & Family Services	Virginia Public Assistance	Law Library	Community Development Authority Revenue Account	Stormwater Capital Project	
<b>ASSETS</b>						
Cash and investments	\$ 850,746	\$ -	\$ 13,531	\$ 65,206	\$ 958,071	\$ 1,887,554
Receivables, net	39,572	488,346	-	91,762	479,845	1,099,525
Due from other funds	-	377,308	-	-	53,985	431,293
Prepaid expenditures	2,962	6,071	-	-	-	9,033
Total assets	<u>\$ 893,280</u>	<u>\$ 871,725</u>	<u>\$ 13,531</u>	<u>\$ 156,968</u>	<u>\$ 1,491,901</u>	<u>\$ 3,427,405</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 32,418	\$ 143,982	\$ -	\$ -	\$ 65,729	\$ 242,129
Retainage payable	-	-	-	-	45,559	45,559
Salaries, taxes and benefits payable	75,619	181,008	-	-	-	256,627
Deferred revenue	-	-	-	-	529,367	529,367
Due to component unit - CDA	-	-	-	156,968	-	156,968
Total liabilities	<u>108,037</u>	<u>324,990</u>	<u>-</u>	<u>156,968</u>	<u>640,655</u>	<u>1,230,650</u>
Fund balances:						
Nonspendable	2,962	6,071	-	-	-	9,033
Restricted	1,788	-	13,531	-	-	15,319
Committed	-	-	-	-	851,246	851,246
Assigned	780,493	540,664	-	-	-	1,321,157
Total fund balances	<u>785,243</u>	<u>546,735</u>	<u>13,531</u>	<u>-</u>	<u>851,246</u>	<u>2,196,755</u>
Total liabilities and fund balances	<u>\$ 893,280</u>	<u>\$ 871,725</u>	<u>\$ 13,531</u>	<u>\$ 156,968</u>	<u>\$ 1,491,901</u>	<u>\$ 3,427,405</u>

**COUNTY OF YORK, VIRGINIA**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2012

	<b>Special Revenue</b>						
	<b>Children &amp; Family Services</b>	<b>Virginia Public Assistance</b>	<b>Law Library</b>	<b>Community Development Authority Revenue Account</b>	<b>County Debt Service</b>	<b>Stormwater Capital Project</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>							
General property taxes	\$ -	\$ -	\$ -	\$ 404,217	\$ -	\$ -	\$ 404,217
Other local taxes	-	-	-	703,079	-	-	703,079
Intergovernmental							
Federal	948,058	2,039,805	-	-	-	-	2,987,863
State	-	1,319,696	-	-	-	-	1,319,696
Use of money and property	3,566	-	60	786	10	5,081	9,503
Charges for services	18,414	1,701	7,552	-	-	275	27,942
Miscellaneous	4,924	706	-	-	-	-	5,630
Recovered costs	-	251,678	-	-	-	-	251,678
Total revenues	<u>974,962</u>	<u>3,613,586</u>	<u>7,612</u>	<u>1,108,082</u>	<u>10</u>	<u>5,356</u>	<u>5,709,608</u>
<b>EXPENDITURES</b>							
Current:							
Judicial services	-	-	6,888	-	-	-	6,888
Human services	1,221,838	5,317,771	-	-	-	-	6,539,609
Nondepartmental	-	-	-	808,082	-	-	808,082
Capital outlay	-	-	-	-	-	1,142,332	1,142,332
Debt service:							
Principal retirement	-	-	-	-	1,604,360	-	1,604,360
Interest and fiscal charges	-	-	-	-	1,427,413	-	1,427,413
Total expenditures	<u>1,221,838</u>	<u>5,317,771</u>	<u>6,888</u>	<u>808,082</u>	<u>3,031,773</u>	<u>1,142,332</u>	<u>11,528,684</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(246,876)</u>	<u>(1,704,185)</u>	<u>724</u>	<u>300,000</u>	<u>(3,031,763)</u>	<u>(1,136,976)</u>	<u>(5,819,076)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Insurance recovery	1,328	-	-	-	-	-	1,328
Transfers in	259,794	1,356,116	-	-	3,031,763	887,156	5,534,829
Transfers out	-	-	-	(300,000)	-	-	(300,000)
Total other financing sources and uses	<u>261,122</u>	<u>1,356,116</u>	<u>-</u>	<u>(300,000)</u>	<u>3,031,763</u>	<u>887,156</u>	<u>5,236,157</u>
Net change in fund balances	<u>14,246</u>	<u>(348,069)</u>	<u>724</u>	<u>-</u>	<u>-</u>	<u>(249,820)</u>	<u>(582,919)</u>
Fund balances, beginning of year	<u>770,997</u>	<u>894,804</u>	<u>12,807</u>	<u>-</u>	<u>-</u>	<u>1,101,066</u>	<u>2,779,674</u>
Fund balances, end of year	<u>\$ 785,243</u>	<u>\$ 546,735</u>	<u>\$ 13,531</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 851,246</u>	<u>\$ 2,196,755</u>



**COUNTY OF YORK, VIRGINIA**  
 Budgetary Comparison Schedule  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2012

	Children and Family Services				Virginia Public Assistance			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>								
Intergovernmental:								
Federal	\$ 964,687	\$ 964,687	\$ 948,058	\$ (16,629)	\$ 2,342,500	\$ 2,342,500	\$ 2,039,805	\$ (302,695)
State	-	-	-	-	1,622,760	1,622,760	1,319,696	(303,064)
Use of money and property	8,000	8,000	3,566	(4,434)	-	-	-	-
Charges for services	15,600	18,454	18,414	(40)	-	-	1,701	1,701
Miscellaneous	2,208	4,380	4,924	544	-	-	706	706
Recovered costs	-	-	-	-	220,000	220,000	251,678	31,678
Total revenues	<u>990,495</u>	<u>995,521</u>	<u>974,962</u>	<u>(20,559)</u>	<u>4,185,260</u>	<u>4,185,260</u>	<u>3,613,586</u>	<u>(571,674)</u>
<b>EXPENDITURES</b>								
Current:								
Human services	1,320,678	1,327,032	1,221,838	105,194	6,309,945	6,309,945	5,317,771	992,174
Total expenditures	<u>1,320,678</u>	<u>1,327,032</u>	<u>1,221,838</u>	<u>105,194</u>	<u>6,309,945</u>	<u>6,309,945</u>	<u>5,317,771</u>	<u>992,174</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(330,183)</u>	<u>(331,511)</u>	<u>(246,876)</u>	<u>84,635</u>	<u>(2,124,685)</u>	<u>(2,124,685)</u>	<u>(1,704,185)</u>	<u>420,500</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Insurance recovery	-	1,328	1,328	-	-	-	-	-
Transfers in	299,588	299,588	259,794	(39,794)	1,874,685	1,874,685	1,356,116	(518,569)
Total other financing sources and uses	<u>299,588</u>	<u>300,916</u>	<u>261,122</u>	<u>(39,794)</u>	<u>1,874,685</u>	<u>1,874,685</u>	<u>1,356,116</u>	<u>(518,569)</u>
Net change in fund balances	<u>(30,595)</u>	<u>(30,595)</u>	<u>14,246</u>	<u>44,841</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(348,069)</u>	<u>(98,069)</u>
Fund balances, beginning of year	770,997	770,997	770,997	-	894,804	894,804	894,804	-
Fund balances, end of year	<u>\$ 740,402</u>	<u>\$ 740,402</u>	<u>\$ 785,243</u>	<u>\$ 44,841</u>	<u>\$ 644,804</u>	<u>\$ 644,804</u>	<u>\$ 546,735</u>	<u>\$ (98,069)</u>
	Law Library				Community Development Authority Revenue Account			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>								
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,806,141	\$ 3,806,141	\$ 404,217	\$ (3,401,924)
Other local taxes	-	-	-	-	650,000	650,000	703,079	53,079
Use of money and property	150	150	60	(90)	2,000	2,000	786	(1,214)
Charges for services	9,000	9,000	7,552	(1,448)	-	-	-	-
Total revenues	<u>9,150</u>	<u>9,150</u>	<u>7,612</u>	<u>(1,538)</u>	<u>4,458,141</u>	<u>4,458,141</u>	<u>1,108,082</u>	<u>(3,350,059)</u>
<b>EXPENDITURES</b>								
Current:								
Judicial services	10,500	10,500	6,888	3,612	-	-	-	-
Nondepartmental	-	-	-	-	4,154,266	4,154,266	808,082	3,346,184
Total expenditures	<u>10,500</u>	<u>10,500</u>	<u>6,888</u>	<u>3,612</u>	<u>4,154,266</u>	<u>4,154,266</u>	<u>808,082</u>	<u>3,346,184</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,350)</u>	<u>(1,350)</u>	<u>724</u>	<u>2,074</u>	<u>303,875</u>	<u>303,875</u>	<u>300,000</u>	<u>(3,875)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers out	-	-	-	-	(303,875)	(303,875)	(300,000)	3,875
Total other financing sources and uses	<u>(1,350)</u>	<u>(1,350)</u>	<u>724</u>	<u>2,074</u>	<u>(303,875)</u>	<u>(303,875)</u>	<u>(300,000)</u>	<u>3,875</u>
Net change in fund balances	<u>(1,350)</u>	<u>(1,350)</u>	<u>724</u>	<u>2,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	12,807	12,807	12,807	-	-	-	-	-
Fund balances, end of year	<u>\$ 11,457</u>	<u>\$ 11,457</u>	<u>\$ 13,531</u>	<u>\$ 2,074</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	Total							
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)				
<b>REVENUES</b>								
General property taxes	\$ 3,806,141	\$ 3,806,141	\$ 404,217	\$ (3,401,924)				
Other local taxes	650,000	650,000	703,079	53,079				
Intergovernmental								
Federal	3,307,187	3,307,187	2,987,863	(319,324)				
State	1,622,760	1,622,760	1,319,696	(303,064)				
Use of money and property	10,150	10,150	4,412	(5,738)				
Charges for services	24,600	27,454	27,667	213				
Miscellaneous	2,208	4,380	5,630	1,250				
Recovered costs	220,000	220,000	251,678	31,678				
Total revenues	<u>9,643,046</u>	<u>9,648,072</u>	<u>5,704,242</u>	<u>(3,943,830)</u>				
<b>EXPENDITURES</b>								
Current:								
Judicial services	10,500	10,500	6,888	3,612				
Human services	7,630,623	7,636,977	6,539,609	1,097,368				
Nondepartmental	4,154,266	4,154,266	808,082	3,346,184				
Total expenditures	<u>11,795,389</u>	<u>11,801,743</u>	<u>7,354,579</u>	<u>4,447,164</u>				
Excess (deficiency) of revenues over (under) expenditures	<u>(2,152,343)</u>	<u>(2,153,671)</u>	<u>(1,650,337)</u>	<u>503,334</u>				
<b>OTHER FINANCING SOURCES (USES)</b>								
Insurance recovery	-	1,328	1,328	-				
Transfers in	2,174,273	2,174,273	1,615,910	(558,363)				
Transfers out	(303,875)	(303,875)	(300,000)	3,875				
Total other financing sources and uses	<u>1,870,398</u>	<u>1,871,726</u>	<u>1,317,238</u>	<u>(554,488)</u>				
Net change in fund balances	<u>(281,945)</u>	<u>(281,945)</u>	<u>(333,099)</u>	<u>(51,154)</u>				
Fund balances, beginning of year	1,678,608	1,678,608	1,678,608	-				
Fund balances, end of year	<u>\$ 1,396,663</u>	<u>\$ 1,396,663</u>	<u>\$ 1,345,509</u>	<u>\$ (51,154)</u>				

**COUNTY OF YORK, VIRGINIA**  
 Budgetary Comparison Schedule  
 Debt Service Funds  
 For the Year Ended June 30, 2012

	County				Education			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUE</b>								
Intergovernmental - Federal	\$ -	\$ -	\$ -	\$ -	\$ 59,472	\$ 59,472	\$ 59,472	\$ -
Use of money and property	-	10	10	-	-	-	-	-
Recovered costs	-	-	-	-	505,610	505,609	505,609	-
Total revenue	-	10	10	-	565,082	565,081	565,081	-
<b>EXPENDITURES</b>								
Education	-	-	-	-	5,500,000	7,808,129	7,808,129	-
Debt service:								
Principal retirement	1,604,361	1,604,361	1,604,360	1	4,962,389	4,962,388	4,962,388	-
Interest and fiscal charges	1,431,204	1,431,204	1,427,413	3,791	3,455,165	2,650,314	2,650,314	-
Other costs of issuance	-	-	-	-	-	41,815	41,814	1
Total expenditures	3,035,565	3,035,565	3,031,773	3,792	13,917,554	15,462,646	15,462,645	1
Excess (deficiency) of revenues over (under) expenditures	(3,035,565)	(3,035,555)	(3,031,763)	3,792	(13,352,472)	(14,897,565)	(14,897,564)	1
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	3,035,565	3,035,555	3,031,763	(3,792)	7,852,472	7,056,621	7,056,620	(1)
Issuance of debt	-	-	-	-	5,500,000	6,925,000	6,925,000	-
Premium in issuance of debt	-	-	-	-	-	1,047,456	1,047,456	-
Transfers out	-	-	-	-	-	(131,512)	(131,512)	-
Total other financing sources and uses	3,035,565	3,035,555	3,031,763	(3,792)	13,352,472	14,897,565	14,897,564	(1)
Net change in fund balances	-	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>Total</b>							
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)				
<b>REVENUE</b>								
Intergovernmental - Federal	\$ 59,472	\$ 59,472	\$ 59,472	\$ -				
Use of money and property	-	10	10	-				
Recovered costs	505,610	505,609	505,609	-				
Total revenue	565,082	565,091	565,091	-				
<b>EXPENDITURES</b>								
Education	5,500,000	7,808,129	7,808,129	-				
Debt service:								
Principal retirement	6,566,750	6,566,749	6,566,748	1				
Interest and fiscal charges	4,886,369	4,081,518	4,077,727	3,791				
Other costs of issuance	-	41,815	41,814	1				
Total expenditures	16,953,119	18,498,211	18,494,418	3,793				
Excess (deficiency) of revenues over (under) expenditures	(16,388,037)	(17,933,120)	(17,929,327)	3,793				
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	10,888,037	10,092,176	10,088,383	(3,793)				
Issuance of debt	5,500,000	6,925,000	6,925,000	-				
Premium on issuance of debt	-	1,047,456	1,047,456	-				
Transfers out	-	(131,512)	(131,512)	-				
Total other financing sources and uses	16,388,037	17,933,120	17,929,327	(3,793)				
Net change in fund balances	-	-	-	-				
Fund balances, beginning of year	-	-	-	-				
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -				

**COUNTY OF YORK, VIRGINIA**  
 Budgetary Comparison Schedule  
 Capital Project Funds  
 For the Year Ended June 30, 2012

	Stormwater Fund				Yorktown Capital Improvements			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>								
Intergovernmental - State	\$ 1,347,844	\$ 1,347,844	\$ -	\$ (1,347,844)	\$ -	\$ -	\$ -	\$ -
Use of money and property	10,500	10,500	5,081	(5,419)	-	-	11,521	11,521
Charges for services	8,000	8,000	275	(7,725)	-	-	-	-
Total revenues	1,366,344	1,366,344	5,356	(1,360,988)	-	-	11,521	11,521
<b>EXPENDITURES</b>								
Capital outlay	4,575,151	4,575,151	1,142,332	3,432,819	274,357	274,357	3,700	270,657
Total expenditures	4,575,151	4,575,151	1,142,332	3,432,819	274,357	274,357	3,700	270,657
Excess (deficiency) of revenues over (under) expenditures	(3,208,807)	(3,208,807)	(1,136,976)	2,071,831	(274,357)	(274,357)	7,821	282,178
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	670,000	670,000	887,156	217,156	100,000	100,000	200,000	100,000
Total other financing sources and uses	670,000	670,000	887,156	217,156	100,000	100,000	200,000	100,000
Net change in fund balances	(2,538,807)	(2,538,807)	(249,820)	2,288,987	(174,357)	(174,357)	207,821	382,178
Fund balances (deficit), beginning of year	1,101,066	1,101,066	1,101,066	-	(7,516,704)	(7,516,704)	(7,516,704)	-
Fund balances (deficit), end of year	\$ (1,437,741)	\$ (1,437,741)	\$ 851,246	\$ 2,288,987	\$ (7,691,061)	\$ (7,691,061)	\$ (7,308,883)	\$ 382,178

	County Capital				Total			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>								
Intergovernmental:								
Federal	\$ -	\$ 380,000	\$ 1,899,254	\$ 1,519,254	\$ -	\$ 380,000	\$ 1,899,254	\$ 1,519,254
State	-	-	43,653	43,653	1,347,844	1,347,844	43,653	(1,304,191)
Use of money and property	100,000	100,000	54,785	(45,215)	110,500	110,500	71,387	(39,113)
Charges for services	-	-	-	-	8,000	8,000	275	(7,725)
Miscellaneous	-	-	308,586	308,586	-	-	308,586	308,586
Recovered costs	100,000	100,000	100,000	-	100,000	100,000	100,000	-
Total revenues	200,000	580,000	2,406,278	1,826,278	1,566,344	1,946,344	2,423,155	476,811
<b>EXPENDITURES</b>								
Capital outlay	10,638,037	11,020,602	2,659,027	8,361,575	15,487,545	15,870,110	3,805,059	12,065,051
Debt service - principal retirement	305,598	305,598	305,598	-	305,598	305,598	305,598	-
Total expenditures	10,943,635	11,326,200	2,964,625	8,361,575	15,793,143	16,175,708	4,110,657	12,065,051
Excess (deficiency) of revenues over (under) expenditures	(10,743,635)	(10,746,200)	(558,347)	10,187,853	(14,226,799)	(14,229,364)	(1,687,502)	12,541,862
<b>OTHER FINANCING SOURCES (USES)</b>								
Insurance recovery	-	2,565	3,315	750	-	2,565	3,315	750
Transfers in	-	-	927,363	927,363	770,000	770,000	2,014,519	1,244,519
Transfers out	(200,000)	(200,000)	(200,000)	-	(200,000)	(200,000)	(200,000)	-
Total other financing sources and uses	(200,000)	(197,435)	730,678	928,113	570,000	572,565	1,817,834	1,245,269
Net change in fund balances	(10,943,635)	(10,943,635)	172,331	11,115,966	(13,656,799)	(13,656,799)	130,332	13,787,131
Fund balances (deficit), beginning of year	13,821,583	13,821,583	13,821,583	-	7,405,945	7,405,945	7,405,945	-
Fund balances (deficit), end of year	\$ 2,877,948	\$ 2,877,948	\$ 13,993,914	\$ 11,115,966	\$ (6,250,854)	\$ (6,250,854)	\$ 7,536,277	\$ 13,787,131

## **NONMAJOR ENTERPRISE FUNDS**

**Yorktown Operations Fund** - accounts for the operations at the Yorktown waterfront.

**York Sanitary District Fund** - accounts for the capital assets as of January 1, 1992 of the Sanitary District No. 1 utility systems.

**Upper County Utility Fund** - accounts for the capital assets as of January 1, 1992 of the upper County utility systems.

**Solid Waste Fund** - accounts for the operations of the County's solid waste disposal system.

**Water Utility Fund** - accounts for the operations of the County's water utility systems.

**Sanitary District No. 2 Fund** - accounts for the capital assets as of January 1, 1992 of the Sanitary District No. 2 utility systems.

**Regional Radio System Fund** - accounts for the County's joint emergency communication system with James City County and Gloucester County.

**COUNTY OF YORK, VIRGINIA**  
Combining Statement of Net Assets  
Nonmajor Enterprise Funds  
June 30, 2012

	<u>Yorktown Operations</u>	<u>York Sanitary District</u>	<u>Upper County Utility</u>	<u>Solid Waste</u>	<u>Water Utility</u>	<u>Sanitary District No. 2</u>	<u>Regional Radio System</u>	<u>Total</u>
<b>ASSETS</b>								
Current assets:								
Cash and investments	\$ 100	\$ 222	\$ -	\$ 300	\$ 2,983,044	\$ -	\$ 463,210	\$ 3,446,876
Receivables, net	9,296	-	-	1,459,019	79,015	-	329,357	1,876,687
Due from component unit - EDA	68,301	-	-	-	-	-	-	68,301
Prepaid expenses	-	-	-	1,998	-	-	-	1,998
Total current assets	<u>77,697</u>	<u>222</u>	<u>-</u>	<u>1,461,317</u>	<u>3,062,059</u>	<u>-</u>	<u>792,567</u>	<u>5,393,862</u>
Noncurrent assets:								
Nondepreciable capital assets:								
Land	2,707,736	37,916	33,994	413,902	-	251,854	-	3,445,402
Construction in progress	-	-	-	31,380	542,500	-	2,368,178	2,942,058
Depreciable capital assets:								
Buildings and improvements	-	783,982	-	1,845,905	-	2,699,159	-	5,329,046
Infrastructure	-	2,254,362	767,391	163,209	281,553	19,956,345	-	23,422,860
Equipment	-	446,216	-	22,761	-	453,831	-	922,808
Vehicles	-	-	-	666,921	-	-	-	666,921
Less accumulated depreciation	<u>-</u>	<u>(2,703,273)</u>	<u>(451,885)</u>	<u>(2,127,452)</u>	<u>(37,823)</u>	<u>(16,080,529)</u>	<u>-</u>	<u>(21,400,962)</u>
Total noncurrent assets	<u>2,707,736</u>	<u>819,203</u>	<u>349,500</u>	<u>1,016,626</u>	<u>786,230</u>	<u>7,280,660</u>	<u>2,368,178</u>	<u>15,328,133</u>
Total assets	<u>\$ 2,785,433</u>	<u>\$ 819,425</u>	<u>\$ 349,500</u>	<u>\$ 2,477,943</u>	<u>\$ 3,848,289</u>	<u>\$ 7,280,660</u>	<u>\$ 3,160,745</u>	<u>\$ 20,721,995</u>
<b>LIABILITIES</b>								
Current liabilities:								
Accounts payable	\$ 3,510	\$ -	\$ -	\$ 233,762	\$ 31,440	\$ -	\$ 207,864	\$ 476,576
Retainage payable	-	-	-	-	23,697	-	-	23,697
Salaries, taxes and benefits payable	-	-	-	56,945	-	-	-	56,945
Unearned revenue	22	-	-	9,426	-	-	-	9,448
Due to other funds	16,215	-	-	371,996	39	-	-	388,250
Compensated absences - current	-	-	-	1,205	-	-	-	1,205
Total current liabilities	<u>19,747</u>	<u>-</u>	<u>-</u>	<u>673,334</u>	<u>55,176</u>	<u>-</u>	<u>207,864</u>	<u>956,121</u>
Noncurrent liabilities:								
Compensated absences - net current	-	-	-	22,140	-	-	-	22,140
Advance from other fund	<u>2,750,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,750,000</u>
Total noncurrent liabilities	<u>2,750,000</u>	<u>-</u>	<u>-</u>	<u>22,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,772,140</u>
Total liabilities	<u>2,769,747</u>	<u>-</u>	<u>-</u>	<u>695,474</u>	<u>55,176</u>	<u>-</u>	<u>207,864</u>	<u>3,728,261</u>
<b>NET ASSETS</b>								
Invested in capital assets, net of related debt	2,707,736	819,203	349,500	1,016,626	786,230	7,280,660	2,368,178	15,328,133
Unrestricted	<u>(2,692,050)</u>	<u>222</u>	<u>-</u>	<u>765,843</u>	<u>3,006,883</u>	<u>-</u>	<u>584,703</u>	<u>1,665,601</u>
Total net assets	<u>15,686</u>	<u>819,425</u>	<u>349,500</u>	<u>1,782,469</u>	<u>3,793,113</u>	<u>7,280,660</u>	<u>2,952,881</u>	<u>16,993,734</u>
Total liabilities and net assets	<u>\$ 2,785,433</u>	<u>\$ 819,425</u>	<u>\$ 349,500</u>	<u>\$ 2,477,943</u>	<u>\$ 3,848,289</u>	<u>\$ 7,280,660</u>	<u>\$ 3,160,745</u>	<u>\$ 20,721,995</u>

**COUNTY OF YORK, VIRGINIA**  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2012

	<u>Yorktown Operations</u>	<u>York Sanitary District</u>	<u>Upper County Utility</u>	<u>Solid Waste</u>	<u>Water Utility</u>	<u>Sanitary District No. 2</u>	<u>Regional Radio System</u>	<u>Total</u>
<b>Operating Revenues</b>								
Use of property	\$ 41,674	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,259,130	\$ 1,300,804
Charges for services	45,679	-	-	3,505,246	333,534	-	-	3,884,459
Miscellaneous	-	-	-	12,463	5,379	-	-	17,842
Total operating revenues	<u>87,353</u>	<u>-</u>	<u>-</u>	<u>3,517,709</u>	<u>338,913</u>	<u>-</u>	<u>1,259,130</u>	<u>5,203,105</u>
<b>Operating Expenses</b>								
Personal services	-	-	-	722,758	-	-	-	722,758
Contractual services	107,015	-	-	4,636,524	16,081	-	2,005,691	6,765,311
Materials and supplies	5,243	-	-	114,414	324,562	-	18,953	463,172
Depreciation	-	45,141	15,748	109,311	5,632	370,655	-	546,487
Amortization	-	-	-	10,215	-	-	-	10,215
Total operating expenses	<u>112,258</u>	<u>45,141</u>	<u>15,748</u>	<u>5,593,222</u>	<u>346,275</u>	<u>370,655</u>	<u>2,024,644</u>	<u>8,507,943</u>
Operating loss	<u>(24,905)</u>	<u>(45,141)</u>	<u>(15,748)</u>	<u>(2,075,513)</u>	<u>(7,362)</u>	<u>(370,655)</u>	<u>(765,514)</u>	<u>(3,304,838)</u>
<b>Nonoperating Revenues (Expenses)</b>								
Grant income	-	-	-	916,350	-	-	169,189	1,085,539
Interest income	117	-	-	153	12,694	-	1,456	14,420
Interest expense	-	-	-	(6,765)	-	-	-	(6,765)
Total nonoperating revenues (expenses)	<u>117</u>	<u>-</u>	<u>-</u>	<u>909,738</u>	<u>12,694</u>	<u>-</u>	<u>170,645</u>	<u>1,093,194</u>
Income (loss) before contributions and transfers	(24,788)	(45,141)	(15,748)	(1,165,775)	5,332	(370,655)	(594,869)	(2,211,644)
<b>Capital Contributions</b>	-	-	-	-	100,000	-	-	100,000
<b>Transfers In</b>	-	10	-	700,000	414,399	-	891,099	2,005,508
Change in net assets	(24,788)	(45,131)	(15,748)	(465,775)	519,731	(370,655)	296,230	(106,136)
Total net assets, beginning of year	<u>40,474</u>	<u>864,556</u>	<u>365,248</u>	<u>2,248,244</u>	<u>3,273,382</u>	<u>7,651,315</u>	<u>2,656,651</u>	<u>17,099,870</u>
Total net assets, end of year	<u>\$ 15,686</u>	<u>\$ 819,425</u>	<u>\$ 349,500</u>	<u>\$ 1,782,469</u>	<u>\$ 3,793,113</u>	<u>\$ 7,280,660</u>	<u>\$ 2,952,881</u>	<u>\$ 16,993,734</u>

**COUNTY OF YORK, VIRGINIA**  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2012

	<u>Yorktown Operations</u>	<u>York Sanitary District</u>	<u>Upper County Utility</u>	<u>Solid Waste</u>	<u>Water Utility</u>	<u>Sanitary District No. 2</u>	<u>Regional Radio System</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from customers and users	\$ 49,775	\$ -	\$ -	\$ 2,546,846	\$ 282,889	\$ -	\$ 1,120,086	\$ 3,999,596
Receipts from internal activity	16,215	-	-	2,054	39	-	-	18,308
Other receipts	-	-	-	12,463	5,379	-	-	17,842
Payments to suppliers for goods and services	(111,258)	-	-	(4,795,718)	(324,237)	-	(1,818,600)	(7,049,813)
Payments to employees for services	-	-	-	(723,292)	-	-	-	(723,292)
Net cash used in operating activities	(45,268)	-	-	(2,957,647)	(35,930)	-	(698,514)	(3,737,359)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Grant income	-	-	-	916,350	-	-	-	916,350
Transfers in	-	10	-	1,769,942	-	-	891,099	2,661,051
Net cash provided by noncapital financing activities	-	10	-	2,686,292	-	-	891,099	3,577,401
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Transfers in	-	-	-	-	519,384	-	-	519,384
Capital grant	-	-	-	-	100,000	-	169,189	269,189
Acquisition and construction of capital assets	-	-	-	-	(503,824)	-	(169,067)	(672,891)
Principal paid on capital debt	-	-	-	(195,000)	-	-	-	(195,000)
Interest paid on capital debt	-	-	-	(8,044)	-	-	-	(8,044)
Net cash provided by (used in) capital and related financing activities	-	-	-	(203,044)	115,560	-	122	(87,362)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Interest income	117	-	-	153	12,694	-	1,456	14,420
Net cash provided by investing activities	117	-	-	153	12,694	-	1,456	14,420
Net increase (decrease) in cash and cash equivalents	(45,151)	10	-	(474,246)	92,324	-	194,163	(232,900)
Cash and cash equivalents, beginning of year	45,251	212	-	474,546	2,890,720	-	269,047	3,669,776
Cash and cash equivalents, end of year	<u>\$ 100</u>	<u>\$ 222</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 2,983,044</u>	<u>\$ -</u>	<u>\$ 463,210</u>	<u>\$ 3,446,876</u>
<b>Reconciliation of cash and cash equivalents to the Statement of Net Assets:</b>								
Cash and investments	\$ 100	\$ 222	\$ -	\$ 300	\$ 2,983,044	\$ -	\$ 463,210	\$ 3,446,876
Cash and cash equivalents, end of year	<u>\$ 100</u>	<u>\$ 222</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 2,983,044</u>	<u>\$ -</u>	<u>\$ 463,210</u>	<u>\$ 3,446,876</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>								
Operating loss	\$ (24,905)	\$ (45,141)	\$ (15,748)	\$ (2,075,513)	\$ (7,362)	\$ (370,655)	\$ (765,514)	\$ (3,304,838)
Adjustments to reconcile operating loss to net cash used in operating activities:								
Depreciation	-	45,141	15,748	109,311	5,632	370,655	-	546,487
Amortization	-	-	-	10,215	-	-	-	10,215
(Increase) decrease in:								
Receivables	3,999	-	-	(967,826)	(50,645)	-	(139,044)	(1,153,516)
Due from component unit - EDA	(41,576)	-	-	-	-	-	-	(41,576)
Prepaid expenses	-	-	-	8,202	-	-	-	8,202
Increase (decrease) in:								
Accounts payable	1,000	-	-	(44,780)	(7,291)	-	206,044	154,973
Retainage payable	-	-	-	-	23,697	-	-	23,697
Salaries, taxes and benefits payable	-	-	-	(7,638)	-	-	-	(7,638)
Unearned revenue	(1)	-	-	9,426	-	-	-	9,425
Due to other funds	16,215	-	-	2,054	39	-	-	18,308
Compensated absences	-	-	-	(1,098)	-	-	-	(1,098)
Net cash used in operating activities	<u>\$ (45,268)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,957,647)</u>	<u>\$ (35,930)</u>	<u>\$ -</u>	<u>\$ (698,514)</u>	<u>\$ (3,737,359)</u>

## **INTERNAL SERVICE FUNDS**

To account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost-reimbursement basis.

**Vehicle Maintenance Fund** - accounts for the operations of the vehicle maintenance and replacement services provided to County departments.

**Other Post-Employment Benefits Fund** - accounts for subsidy payments for eligible County retirees towards health insurance coverage in a County-sponsored plan.



**COUNTY OF YORK, VIRGINIA**  
Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2012

	<b>Vehicle Maintenance Fund</b>	<b>Other Post- Employment Benefit (OPEB) Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 2,841,039	\$ 3,189,431	\$ 6,030,470
Receivable, net	117,067	20,460	137,527
Prepaid expenses	1,680	-	1,680
Total current assets	<u>2,959,786</u>	<u>3,209,891</u>	<u>6,169,677</u>
Noncurrent assets:			
Nondepreciable capital assets:			
Construction in progress	78,382	-	78,382
Depreciable capital assets:			
Land improvements	221,446	-	221,446
Equipment	1,289,063	-	1,289,063
Vehicles	5,186,815	-	5,186,815
Less accumulated depreciation	<u>(3,492,587)</u>	<u>-</u>	<u>(3,492,587)</u>
Total noncurrent assets	<u>3,283,119</u>	<u>-</u>	<u>3,283,119</u>
Total assets	<u>\$ 6,242,905</u>	<u>\$ 3,209,891</u>	<u>\$ 9,452,796</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 231,557	\$ -	\$ 231,557
Salaries, taxes and benefits payable	53,549	36,161	89,710
Unearned revenue	5,178	-	5,178
Due to other funds	99	120,390	120,489
Compensated absences - current	2,300	-	2,300
Total current liabilities	<u>292,683</u>	<u>156,551</u>	<u>449,234</u>
Noncurrent liabilities:			
Compensated absences - net current	75,698	-	75,698
Net OPEB obligation	<u>-</u>	<u>3,053,340</u>	<u>3,053,340</u>
Total noncurrent liabilities	<u>75,698</u>	<u>3,053,340</u>	<u>3,129,038</u>
Total liabilities	<u>368,381</u>	<u>3,209,891</u>	<u>3,578,272</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	3,283,119	-	3,283,119
Unrestricted	<u>2,591,405</u>	<u>-</u>	<u>2,591,405</u>
Total net assets	<u>5,874,524</u>	<u>-</u>	<u>5,874,524</u>
Total liabilities and net assets	<u>\$ 6,242,905</u>	<u>\$ 3,209,891</u>	<u>\$ 9,452,796</u>

**COUNTY OF YORK, VIRGINIA**  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2012

	<b>Vehicle Maintenance Fund</b>	<b>Other Post- Employment Benefit (OPEB) Fund</b>	<b>Total</b>
<b>Operating Revenues</b>			
Charges for services	\$ 4,082,035	\$ -	\$ 4,082,035
Miscellaneous	46,924	-	46,924
Total operating revenues	<u>4,128,959</u>	<u>-</u>	<u>4,128,959</u>
<b>Operating Expenses</b>			
Personal services	807,083	1,335,835	2,142,918
Contractual services	374,991	-	374,991
Materials and supplies	2,527,615	-	2,527,615
Depreciation	594,809	-	594,809
Total operating expenses	<u>4,304,498</u>	<u>1,335,835</u>	<u>5,640,333</u>
Operating loss	<u>(175,539)</u>	<u>(1,335,835)</u>	<u>(1,511,374)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Grant income	31,594	-	31,594
Interest income	10,666	8,852	19,518
Gain on disposal of capital assets	28,907	-	28,907
Total nonoperating revenues (expenses)	<u>71,167</u>	<u>8,852</u>	<u>80,019</u>
Loss before contributions and transfers	<u>(104,372)</u>	<u>(1,326,983)</u>	<u>(1,431,355)</u>
<b>Capital Contributions</b>	5,961	-	5,961
<b>Transfers In</b>	<u>-</u>	<u>1,326,983</u>	<u>1,326,983</u>
Change in net assets	<u>(98,411)</u>	<u>-</u>	<u>(98,411)</u>
Total net assets, beginning of year	<u>5,972,935</u>	<u>-</u>	<u>5,972,935</u>
Total net assets, end of year	<u><u>\$ 5,874,524</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,874,524</u></u>

**COUNTY OF YORK, VIRGINIA**  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2012

	<b>Vehicle Maintenance Fund</b>	<b>Other Post- Employment Benefit (OPEB) Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 4,066,410	\$ -	\$ 4,066,410
Receipts from interfund activity	99	-	99
Other receipts	52,102	-	52,102
Payments to suppliers for goods and services	(2,723,517)	-	(2,723,517)
Payments to employees for services	(807,541)	(232,779)	(1,040,320)
Payments for interfund activity	-	(272,685)	(272,685)
Net cash provided by (used in) operating activities	<u>587,553</u>	<u>(505,464)</u>	<u>82,089</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Grant income	31,594	-	31,594
Transfers in	-	1,326,983	1,326,983
Net cash provided by noncapital financing activities	<u>31,594</u>	<u>1,326,983</u>	<u>1,358,577</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(552,541)	-	(552,541)
Net proceeds from the disposal of capital assets	93,615	-	93,615
Net cash used in capital and related financing activities	<u>(458,926)</u>	<u>-</u>	<u>(458,926)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	10,675	8,558	19,233
Net cash provided by investing activities	<u>10,675</u>	<u>8,558</u>	<u>19,233</u>
Net increase in cash and cash equivalents	170,896	830,077	1,000,973
Cash and cash equivalents, beginning of year	2,670,143	2,359,354	5,029,497
Cash and cash equivalents, end of year	<u>\$ 2,841,039</u>	<u>\$ 3,189,431</u>	<u>\$ 6,030,470</u>
<b>Reconciliation of cash and cash equivalents to the Statement of Net Assets:</b>			
Cash and investments	\$ 2,841,039	\$ 3,189,431	\$ 6,030,470
Cash and cash equivalents, end of year	<u>\$ 2,841,039</u>	<u>\$ 3,189,431</u>	<u>\$ 6,030,470</u>
<b>Reconciliation of operating loss to net cash cash provided by (used in) operating activities:</b>			
Operating loss	\$ (175,539)	\$ (1,335,835)	\$ (1,511,374)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	594,809	-	594,809
Decrease (increase) in:			
Receivables	(15,625)	(18,694)	(34,319)
Prepaid expenses	7,096	-	7,096
Increase (decrease) in:			
Accounts payable	179,089	-	179,089
Salaries, taxes and benefits payable	(6,502)	6,230	(272)
Unearned revenue	5,178	-	5,178
Due to other funds	99	(272,685)	(272,586)
Compensated absences	(1,052)	-	(1,052)
Net OPEB obligation	-	1,115,520	1,115,520
Net cash provided by (used in) operating activities	<u>\$ 587,553</u>	<u>\$ (505,464)</u>	<u>\$ 82,089</u>
<b>Noncash investing, capital, and financing activities:</b>			
Contributions of capital assets	<u>\$ 5,961</u>	<u>\$ -</u>	<u>\$ 5,961</u>

## **AGENCY FUNDS**

**Colonial Behavioral Health** - accounts for fiscal agency funds held for the Colonial Behavioral Health.

**Colonial Group Home Commission** - accounts for fiscal agency funds held for the Commission.

**Special Welfare Fund** - accounts for fiscal agency funds held for the Special Welfare Board.

**Regional Projects** - accounts for fiscal agency funds held for regional projects.

**Other Funds** - the following funds are included in "Other Funds" in the Combining Statement of Assets and Liabilities and the Combining Statement of Changes in Assets and Liabilities:

**Peninsula Public Sports Facility Authority** - accounts for fiscal agency funds held for the Peninsula Public Sports Facility Authority.

**Darby-Firby Neighborhood Corporation Fund** - accounts for fiscal agency funds held for the Darby-Firby Neighborhood Corporation.

**Library Donations Fund** - accounts for fiscal agency funds held for the Library Board.

**COUNTY OF YORK, VIRGINIA**  
Combining Statement of Assets and Liabilities  
Agency Funds  
June 30, 2012

	<b>Colonial Behavioral Health</b>	<b>Colonial Group Home Commission</b>	<b>Special Welfare</b>	<b>Regional Projects</b>	<b>Other Funds</b>	<b>Total</b>
<b>ASSETS</b>						
Cash and investments	\$ 3,086,458	\$ 271,287	\$ 31,099	\$ 28,823	\$ 145,280	\$ 3,562,947
Other receivables	16,502	3,223	-	13,028	1	32,754
Total assets	<u>\$ 3,102,960</u>	<u>\$ 274,510</u>	<u>\$ 31,099</u>	<u>\$ 41,851</u>	<u>\$ 145,281</u>	<u>\$ 3,595,701</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 161,074	\$ 24,864	\$ -	\$ 41,851	\$ -	\$ 227,789
Salaries, taxes and benefits payable	439,782	73,410	-	-	-	513,192
Amounts held for others	2,502,104	176,236	31,099	-	145,281	2,854,720
Total liabilities	<u>\$ 3,102,960</u>	<u>\$ 274,510</u>	<u>\$ 31,099</u>	<u>\$ 41,851</u>	<u>\$ 145,281</u>	<u>\$ 3,595,701</u>

**COUNTY OF YORK, VIRGINIA**  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2012

	<b>Balance Beginning of Year</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance End of Year</b>
<b>Colonial Behavioral Health</b>				
ASSETS				
Cash and investments	\$ 3,196,091	\$ 13,341,184	\$ 13,450,817	\$ 3,086,458
Other receivables	103,147	16,502	103,147	16,502
Total assets	<u>\$ 3,299,238</u>	<u>\$ 13,357,686</u>	<u>\$ 13,553,964</u>	<u>\$ 3,102,960</u>
LIABILITIES				
Accounts payable	\$ 419,837	\$ 161,074	\$ 419,837	\$ 161,074
Salaries, taxes and benefits payable	559,084	182,556	301,858	439,782
Amounts held for others	2,320,317	13,014,056	12,832,269	2,502,104
Total liabilities	<u>\$ 3,299,238</u>	<u>\$ 13,357,686</u>	<u>\$ 13,553,964</u>	<u>\$ 3,102,960</u>
<b>Colonial Group Home Commission</b>				
ASSETS				
Cash and investments	\$ 307,349	\$ 1,579,758	\$ 1,615,820	\$ 271,287
Other receivables	12,223	732,253	741,253	3,223
Total assets	<u>\$ 319,572</u>	<u>\$ 2,312,011</u>	<u>\$ 2,357,073</u>	<u>\$ 274,510</u>
LIABILITIES				
Accounts payable	\$ 8,103	\$ 24,864	\$ 8,103	\$ 24,864
Salaries, taxes and benefits payable	82,104	53,670	62,364	73,410
Amounts held for others	229,365	2,233,477	2,286,606	176,236
Total liabilities	<u>\$ 319,572</u>	<u>\$ 2,312,011</u>	<u>\$ 2,357,073</u>	<u>\$ 274,510</u>
<b>Special Welfare</b>				
ASSETS				
Cash and investments	\$ 40,847	\$ 47,650	\$ 57,398	\$ 31,099
Total assets	<u>\$ 40,847</u>	<u>\$ 47,650</u>	<u>\$ 57,398</u>	<u>\$ 31,099</u>
LIABILITIES				
Amounts held for others	\$ 40,847	\$ 47,650	\$ 57,398	\$ 31,099
Total liabilities	<u>\$ 40,847</u>	<u>\$ 47,650</u>	<u>\$ 57,398</u>	<u>\$ 31,099</u>
<b>Regional Projects</b>				
ASSETS				
Cash and investments	\$ -	\$ 729,058	\$ 700,235	\$ 28,823
Other receivables	28,384	13,028	28,384	13,028
Total assets	<u>\$ 28,384</u>	<u>\$ 742,086</u>	<u>\$ 728,619</u>	<u>\$ 41,851</u>
LIABILITIES				
Accounts payable	\$ 28,384	\$ 41,851	\$ 28,384	\$ 41,851
Amounts held for others	-	700,235	700,235	-
Total liabilities	<u>\$ 28,384</u>	<u>\$ 742,086</u>	<u>\$ 728,619</u>	<u>\$ 41,851</u>
<b>Other Funds</b>				
ASSETS				
Cash and investments	\$ 155,370	\$ 626	\$ 10,716	\$ 145,280
Other receivables	1	1	1	1
Total assets	<u>\$ 155,371</u>	<u>\$ 627</u>	<u>\$ 10,717</u>	<u>\$ 145,281</u>
LIABILITIES				
Accounts payable	\$ 291	\$ -	\$ 291	\$ -
Amounts held for others	155,080	627	10,426	145,281
Total liabilities	<u>\$ 155,371</u>	<u>\$ 627</u>	<u>\$ 10,717</u>	<u>\$ 145,281</u>
<b>Totals - All Agency Funds</b>				
ASSETS				
Cash and investments	\$ 3,699,657	\$ 15,698,276	\$ 15,834,986	\$ 3,562,947
Other receivables	143,755	761,784	872,785	32,754
Total assets	<u>\$ 3,843,412</u>	<u>\$ 16,460,060</u>	<u>\$ 16,707,771</u>	<u>\$ 3,595,701</u>
LIABILITIES				
Accounts payable	\$ 456,615	\$ 227,789	\$ 456,615	\$ 227,789
Salaries, taxes and benefits payable	641,188	236,226	364,222	513,192
Amounts held for others	2,745,609	15,996,045	15,886,934	2,854,720
Total liabilities	<u>\$ 3,843,412</u>	<u>\$ 16,460,060</u>	<u>\$ 16,707,771</u>	<u>\$ 3,595,701</u>

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## STATISTICAL SECTION

This part of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the County's overall financial health.

### Contents:

#### Financial Trends (pages L-3, L-4, L-5, L-6, L-7 and L-8)

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

#### Revenue Capacity (pages L-9, L-10, L-11 and L-12)

These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

#### Debt Capacity (pages L-13, L-14, and L-15)

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

#### Demographic and Economic Information (pages L-16 and L-17)

These schedules offer demographic and economic indicators to help the reader understand how the environment within which the County's financial activities take place.

#### Operating Information (pages L-18, L-19 and L-20)

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.



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**COUNTY OF YORK, VIRGINIA**  
Net Assets By Component - Accrual Basis of Accounting  
Last Ten Fiscal Years

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental Activities:										
Invested in capital assets, net of related debt	\$ 57,208,246	\$ 58,572,877	\$ 58,434,789	\$ 60,961,846	\$ 68,935,110	\$ 58,761,927	\$ 58,063,581	\$ 53,886,089	\$ 32,867,347	\$ 37,150,066
Restricted	10,712	10,669	10,723	1,713,484	17,605	26,547	306,867	1,416,039	6,768,508	1,329,505
Unrestricted	<u>10,102,470</u>	<u>10,664,551</u>	<u>6,832,631</u>	<u>3,408,239</u>	<u>(6,044,992)</u>	<u>(9,510,796)</u>	<u>(9,492,312)</u>	<u>(2,007,832)</u>	<u>2,402,793</u>	<u>(3,600,441)</u>
Total governmental activities net assets	<u>\$ 67,321,428</u>	<u>\$ 69,248,097</u>	<u>\$ 65,278,143</u>	<u>\$ 66,083,569</u>	<u>\$ 62,907,723</u>	<u>\$ 49,277,678</u>	<u>\$ 48,878,136</u>	<u>\$ 53,294,296</u>	<u>\$ 42,038,648</u>	<u>\$ 34,879,130</u>
Business-type Activities:										
Invested in capital assets, net of related debt	\$ 91,705,008	\$ 92,794,535	\$ 95,113,023	\$ 93,173,971	\$ 99,168,724	\$ 91,442,202	\$ 83,735,002	\$ 77,280,029	\$ 73,605,861	\$ 69,295,243
Restricted	182,087	403,421	314,833	314,693	313,785	312,456	457,985	419,025	372,366	481,700
Unrestricted	<u>12,061,259</u>	<u>10,366,477</u>	<u>6,605,990</u>	<u>7,623,256</u>	<u>5,203,690</u>	<u>7,367,773</u>	<u>9,535,371</u>	<u>9,402,285</u>	<u>8,137,244</u>	<u>9,204,993</u>
Total business-type activities net assets	<u>\$ 103,948,354</u>	<u>\$ 103,564,433</u>	<u>\$ 102,033,846</u>	<u>\$ 101,111,920</u>	<u>\$ 104,686,199</u>	<u>\$ 99,122,431</u>	<u>\$ 93,728,358</u>	<u>\$ 87,101,339</u>	<u>\$ 82,115,471</u>	<u>\$ 78,981,936</u>
Primary Government:										
Invested in capital assets, net of related debt	\$ 148,913,254	\$ 151,367,412	\$ 153,547,812	\$ 154,135,817	\$ 168,103,834	\$ 150,204,129	\$ 141,798,583	\$ 131,166,118	\$ 106,473,208	\$ 106,445,309
Restricted	192,799	414,090	325,556	2,028,177	331,390	339,003	764,852	1,835,064	7,140,874	1,811,205
Unrestricted	<u>22,163,729</u>	<u>21,031,028</u>	<u>13,438,621</u>	<u>11,031,495</u>	<u>(841,302)</u>	<u>(2,143,023)</u>	<u>43,059</u>	<u>7,394,453</u>	<u>10,540,037</u>	<u>5,604,552</u>
Total primary government net assets	<u>\$ 171,269,782</u>	<u>\$ 172,812,530</u>	<u>\$ 167,311,989</u>	<u>\$ 167,195,489</u>	<u>\$ 167,593,922</u>	<u>\$ 148,400,109</u>	<u>\$ 142,606,494</u>	<u>\$ 140,395,635</u>	<u>\$ 124,154,119</u>	<u>\$ 113,861,066</u>

**COUNTY OF YORK, VIRGINIA**  
Changes in Net Assets - Accrual Basis of Accounting  
Last Ten Fiscal Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses</b>										
Governmental activities:										
General government	\$ 3,852,265	\$ 4,756,990	\$ 3,281,995	\$ 3,729,163	\$ 3,450,703	\$ 3,661,480	\$ 4,012,732	\$ 2,935,520	\$ 2,694,972	\$ 2,296,066
Judicial services	2,983,284	3,114,416	3,050,588	3,217,220	3,079,480	2,717,696	2,485,418	2,364,958	2,183,343	3,212,652
Public safety	30,651,085	29,749,782	29,913,451	29,469,455	27,466,315	25,729,808	24,020,296	20,785,091	17,992,604	15,408,525
Environmental and development services	5,110,799	7,360,263	4,588,243	4,293,152	4,181,043	5,102,854	3,734,376	3,371,442	2,923,736	2,541,461
Finance and planning	9,246,805	9,957,090	10,347,260	11,074,824	9,630,189	10,342,827	8,335,453	8,123,994	6,707,583	6,648,862
Education	55,589,523	48,896,509	52,749,950	53,460,125	45,742,991	55,247,261	56,619,850	36,804,422	37,737,823	40,141,165
Human services	8,250,918	8,375,011	8,888,070	8,751,468	8,594,261	8,031,668	7,713,122	7,616,519	6,900,059	6,478,473
General services	7,185,728	7,159,338	7,219,383	6,944,857	6,733,491	6,287,891	5,759,901	5,249,587	4,451,026	4,538,973
Community services	6,667,688	5,934,513	5,828,214	6,021,699	4,926,133	5,280,722	4,076,306	3,742,477	3,192,842	3,014,739
Interest and fiscal charges on noncurrent debt	4,048,324	4,263,014	4,393,098	4,144,723	3,708,287	3,883,116	3,624,871	3,139,152	3,031,935	2,564,368
Total governmental activities	<u>133,586,419</u>	<u>129,566,926</u>	<u>130,260,252</u>	<u>131,106,686</u>	<u>117,512,893</u>	<u>126,285,323</u>	<u>120,382,325</u>	<u>94,133,162</u>	<u>87,815,923</u>	<u>86,845,284</u>
Business-type activities:										
Sewer Utility	10,467,392	9,983,893	8,949,964	9,011,555	7,766,854	6,960,108	6,311,720	6,061,527	5,591,699	5,130,185
Water Utility	346,275	362,073	596,782	7,100,039	637,020	768,276	526,428	461,341	1,005,858	2,784,714
Solid Waste	5,599,987	4,407,178	4,305,967	4,228,895	4,203,909	4,366,338	3,803,501	4,298,743	4,639,612	3,999,337
Yorktown Operations	112,258	117,368	122,537	137,837	214,489	197,646	373,209	232,920	547,092	36,444
Sanitary Districts	431,544	439,058	455,094	534,583	469,312	483,459	611,426	578,398	578,398	557,550
Regional Radio System	2,024,644	1,773,267	1,524,079	58,246	32,826	-	-	-	-	-
Total business-type activities	<u>18,982,100</u>	<u>17,082,837</u>	<u>15,954,423</u>	<u>21,071,155</u>	<u>13,324,410</u>	<u>12,775,827</u>	<u>11,626,284</u>	<u>11,632,929</u>	<u>12,362,659</u>	<u>12,508,230</u>
Total primary government	<u>\$ 152,568,519</u>	<u>\$ 146,649,763</u>	<u>\$ 146,214,675</u>	<u>\$ 152,177,841</u>	<u>\$ 130,837,303</u>	<u>\$ 139,061,150</u>	<u>\$ 132,008,609</u>	<u>\$ 105,766,091</u>	<u>\$ 100,178,582</u>	<u>\$ 99,353,514</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 77,019	\$ 78,310	\$ 112,626	\$ 93,000	\$ 91,605	\$ 94,418	\$ 67,823	\$ 57,907	\$ 43,829	\$ 268
Judicial services	854,103	783,767	939,549	1,001,882	1,001,023	996,492	1,027,313	848,452	868,874	724,657
Public safety	3,408,661	3,238,055	1,773,303	1,081,644	980,923	566,118	550,938	310,781	311,082	93,295
Environmental and development services	403,657	412,451	529,167	657,892	822,526	1,015,870	874,000	904,135	610,078	705,600
Finance and planning	411,139	400,466	244,008	79,754	213,526	84,449	64,964	82,787	79,682	72,991
Education	59,587	521,282	944,383	671,289	375,062	664,019	775,129	491,438	67,918	76,316
Human services	289,378	362,963	371,921	423,252	373,751	252,905	239,712	120,518	81,202	92,189
General services	1,181,949	1,200,451	1,238,374	1,254,539	1,291,090	1,319,800	1,162,455	1,005,432	992,962	31,925
Community services	443,227	516,414	497,008	458,100	428,373	380,418	343,696	344,049	419,184	459,413
Operating grants and contributions	10,146,333	10,738,996	10,900,393	10,796,179	10,949,851	11,264,285	10,556,849	10,554,462	10,364,152	9,353,332
Capital grants and contributions	2,727,017	2,562,616	1,683,547	1,092,566	1,426,194	2,258,265	2,334,900	3,003,814	1,927,100	50,000
Total governmental activities	<u>20,002,070</u>	<u>20,815,771</u>	<u>19,234,279</u>	<u>17,610,097</u>	<u>17,953,924</u>	<u>18,897,039</u>	<u>17,997,779</u>	<u>17,723,775</u>	<u>15,766,063</u>	<u>11,659,986</u>
Business-type activities:										
Charges for services:										
Sewer Utility	7,938,010	7,209,582	6,878,901	7,353,075	7,010,571	7,394,850	7,058,534	6,365,257	6,233,117	6,811,936
Water Utility	333,534	351,955	360,297	718,736	790,208	723,962	919,793	591,514	689,201	1,028,343
Solid Waste	3,505,246	3,520,553	3,452,153	3,384,681	3,441,896	3,191,246	2,745,894	3,151,283	3,222,315	3,006,241
Yorktown Operations	87,353	97,919	141,836	335,753	324,592	76,636	53,718	10,554	-	4
Regional Radio System	1,259,130	1,035,880	903,155	200,053	125,620	-	-	-	-	-
Operating grants and contributions	1,342,550	149,502	10,070	-	455	573,544	-	-	-	-
Capital grants and contributions	1,063,452	2,595,686	1,027,138	1,742,277	3,500,028	2,126,944	3,319,300	2,914,078	3,088,844	3,270,704
Total business-type activities	<u>15,529,275</u>	<u>14,961,077</u>	<u>12,773,550</u>	<u>13,734,575</u>	<u>15,193,370</u>	<u>14,087,182</u>	<u>14,097,239</u>	<u>13,032,686</u>	<u>13,233,477</u>	<u>14,117,228</u>
Total primary government	<u>\$ 35,531,345</u>	<u>\$ 35,776,848</u>	<u>\$ 32,007,829</u>	<u>\$ 31,344,672</u>	<u>\$ 33,147,294</u>	<u>\$ 32,984,221</u>	<u>\$ 32,095,018</u>	<u>\$ 30,756,461</u>	<u>\$ 28,999,540</u>	<u>\$ 25,777,214</u>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (113,584,349)	\$ (108,751,155)	\$ (111,025,973)	\$ (113,496,589)	\$ (99,558,969)	\$ (107,388,284)	\$ (102,384,546)	\$ (76,409,387)	\$ (72,049,860)	\$ (75,185,298)
Business-type activities	(3,452,825)	(2,121,760)	(3,180,873)	(7,336,580)	1,868,960	1,311,355	2,470,955	1,399,757	870,818	1,608,998
Total primary government net expense	<u>\$ (117,037,174)</u>	<u>\$ (110,872,915)</u>	<u>\$ (114,206,846)</u>	<u>\$ (120,833,169)</u>	<u>\$ (97,690,009)</u>	<u>\$ (106,076,929)</u>	<u>\$ (99,913,591)</u>	<u>\$ (75,009,630)</u>	<u>\$ (71,179,042)</u>	<u>\$ (73,576,300)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes:										
Property taxes	76,373,509	77,433,934	75,669,094	79,616,260	73,269,069	69,702,015	62,707,281	57,318,146	53,252,406	50,045,082
Local sales and use taxes	9,425,492	9,043,325	9,322,221	9,661,699	9,363,787	8,928,076	8,319,803	7,564,266	6,880,444	5,783,873
Hotel and motel room taxes	4,221,304	4,336,193	4,072,547	4,292,555	4,563,470	4,196,637	3,698,491	2,857,007	1,769,860	1,830,095
Restaurant food taxes	5,321,843	5,322,721	5,034,793	5,178,743	5,143,049	4,910,446	4,495,630	3,962,278	3,553,263	3,146,992
Business license taxes	5,855,061	5,770,095	5,470,052	5,487,494	6,601,944	5,455,784	4,957,395	4,226,847	3,866,899	3,753,613
Motor vehicle licenses	1,523,082	1,516,710	1,419,591	1,495,939	1,404,639	1,426,483	1,357,565	1,291,961	1,202,293	1,186,793
Franchise taxes	-	-	-	-	-	364,516	703,762	652,406	595,181	567,661
Taxes on recordation and wills	1,604,286	1,238,123	1,643,995	1,617,076	2,054,522	1,973,736	2,024,164	1,619,933	1,235,075	1,190,722
Emergency telephone service taxes	-	-	-	-	-	352,343	717,810	728,098	745,135	780,394
Other local taxes	1,969,937	2,045,667	2,011,290	1,997,715	2,371,898	1,248,928	619,655	586,268	628,340	623,136
Personal property tax relief - Commonwealth of Virginia	8,485,927	8,496,159	8,550,746	8,547,502	8,737,103	8,760,459	9,138,457	8,582,184	7,874,695	7,632,438
Unrestricted investment earnings	174,000	234,060	256,284	1,070,698	2,331,247	2,659,404	1,767,067	829,682	445,578	649,878
Miscellaneous	414,057	813,341	683,799	1,037,292	550,278	1,016,178	875,600	750,914	639,664	672,757
Gain on sale of capital assets	28,907	33,007	-	-	-	-	-	-	-	-
Transfers	(3,739,725)	(3,562,226)	(3,913,865)	(3,330,542)	(3,201,992)	(3,207,179)	(3,414,294)	(3,304,595)	(2,813,431)	(2,384,634)
Extraordinary item - Hurricane	-	-	-	-	-	-	-	-	(674,702)	-
Total governmental activities	<u>111,657,680</u>	<u>112,721,109</u>	<u>110,220,547</u>	<u>116,672,435</u>	<u>113,189,014</u>	<u>107,787,826</u>	<u>97,968,386</u>	<u>87,665,035</u>	<u>79,200,700</u>	<u>75,478,800</u>
Business-type activities:										
Unrestricted investment earnings	66,982	68,299	125,061	289,168	463,923	559,177	441,818	270,832	116,428	140,400
Miscellaneous	30,039	21,822	62,956	142,591	28,893	316,362	299,952	10,684	66,078	38,206
Gain on sale of capital assets	-	-	917	-	-	-	-	-	-	-
Transfers	3,739,725	3,562,226	3,913,865	3,330,542	3,201,992	3,207,179	3,414,294	3,304,595	2,813,431	2,384,634
Extraordinary item - Hurricane	-	-	-	-	-	-	-	-	(733,220)	-
Total business-type activities	<u>3,836,746</u>	<u>3,652,347</u>	<u>4,102,799</u>	<u>3,762,301</u>	<u>3,694,808</u>	<u>4,082,718</u>	<u>4,156,064</u>	<u>3,586,111</u>	<u>2,262,717</u>	<u>2,563,240</u>
Total primary government	<u>\$ 115,494,426</u>	<u>\$ 116,373,456</u>	<u>\$ 114,323,346</u>	<u>\$ 120,434,736</u>	<u>\$ 116,883,822</u>	<u>\$ 111,870,544</u>	<u>\$ 102,124,450</u>	<u>\$ 91,251,146</u>	<u>\$ 81,463,417</u>	<u>\$ 78,042,040</u>
<b>Change in Net Assets</b>										
Governmental activities	\$ (1,926,669)	\$ 3,969,954	\$ (805,426)	\$ 3,175,846	\$ 13,630,045	\$ 399,542	\$ (4,416,160)	\$ 11,255,648	\$ 7,150,840	\$ 293,502
Business-type activities	363,921	1,530,587	921,926	(3,574,279)	5,563,768	5,394,073	6,627,019	4,985,868	3,133,535	4,172,238
Total primary government	<u>\$ (1,562,748)</u>	<u>\$ 5,500,541</u>	<u>\$ (116,500)</u>	<u>\$ (398,433)</u>	<u>\$ 19,193,813</u>	<u>\$ 5,793,615</u>	<u>\$ 2,210,859</u>	<u>\$ 16,241,516</u>	<u>\$ 10,284,375</u>	<u>\$ 4,465,740</u>

**COUNTY OF YORK, VIRGINIA**  
Governmental Activities Tax Revenues By Source - Accrual Basis of Accounting  
Last Ten Fiscal Years

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Property tax	\$ 76,373,509	\$ 77,433,934	\$ 75,669,094	\$ 79,616,260	\$ 73,269,069	\$ 69,702,015	\$ 62,707,281	\$ 57,318,146	\$ 53,252,406	\$ 50,045,082
Local sales and use tax	9,425,492	9,043,325	9,322,221	9,661,699	9,363,787	8,928,076	8,319,803	7,564,266	6,880,444	5,783,873
Hotel and motel room taxes	4,221,304	4,336,193	4,072,547	4,292,559	4,563,470	4,196,637	3,698,491	2,857,007	1,769,860	1,830,095
Restaurant food taxes	5,321,843	5,322,721	5,034,793	5,178,743	5,143,049	4,910,446	4,495,630	3,962,278	3,553,263	3,146,992
Business license taxes	5,855,061	5,770,095	5,470,052	5,487,494	6,601,944	5,455,784	4,957,395	4,226,847	3,866,899	3,753,613
Motor vehicle licenses	1,523,082	1,516,710	1,419,591	1,495,939	1,404,639	1,426,483	1,357,565	1,291,961	1,202,293	1,186,793
Franchise taxes	-	-	-	-	-	364,516	703,762	652,046	595,181	567,661
Taxes on recordation and wills	1,604,286	1,238,123	1,643,995	1,617,076	2,054,522	1,973,736	2,024,164	1,619,933	1,235,075	1,190,722
Emergency telephone service	-	-	-	-	-	352,343	717,810	728,098	745,135	780,394
Other local taxes	1,969,937	2,045,667	2,011,290	1,997,715	2,371,898	1,248,928	619,655	586,268	628,340	623,136
Total	<u>\$ 106,294,514</u>	<u>\$ 106,706,768</u>	<u>\$ 104,643,583</u>	<u>\$ 109,347,485</u>	<u>\$ 104,772,378</u>	<u>\$ 98,558,964</u>	<u>\$ 89,601,556</u>	<u>\$ 80,806,850</u>	<u>\$ 73,728,896</u>	<u>\$ 68,908,361</u>

**COUNTY OF YORK, VIRGINIA**  
Fund Balances of Governmental Funds - Modified Accrual Basis of Accounting  
Last Ten Fiscal Years\*

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund										
Nonspendable	\$ 10,578,620	\$ 11,106,155	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	781,934	858,361	-	-	-	-	-	-	-	-
Committed	12,380,970	12,446,451	-	-	-	-	-	-	-	-
Assigned	18,997,964	8,319,357	-	-	-	-	-	-	-	-
Unassigned	15,547,246	21,491,918	-	-	-	-	-	-	-	-
Reserved	-	-	11,609,565	12,371,540	14,021,740	15,645,170	15,053,392	12,324,185	840,078	871,235
Unreserved	-	-	39,851,251	39,493,924	39,412,194	32,796,722	23,753,571	23,464,140	32,175,762	30,564,306
Total general fund	<u>\$ 58,286,734</u>	<u>\$ 54,222,242</u>	<u>\$ 51,460,816</u>	<u>\$ 51,865,464</u>	<u>\$ 53,433,934</u>	<u>\$ 48,441,892</u>	<u>\$ 38,806,963</u>	<u>\$ 35,788,325</u>	<u>\$ 33,015,840</u>	<u>\$ 31,435,541</u>
All Other Governmental Funds										
Nonspendable	\$ 210,976	\$ 8,194,857	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	432,829	1,504,544	-	-	-	-	-	-	-	-
Committed	851,246	1,101,066	-	-	-	-	-	-	-	-
Assigned	15,058,975	14,165,574	-	-	-	-	-	-	-	-
Unassigned	(7,308,883)	(15,666,704)	-	-	-	-	-	-	-	-
Reserved	-	-	12,413,276	11,633,657	7,297,735	2,315,408	2,741,390	3,410,368	5,822,775	1,275,312
Unreserved, reported in:										
Special revenue funds	-	-	(6,686,125)	(7,518,113)	533,468	369,712	(37,149)	200,194	383,271	389,634
Capital project funds	-	-	9,075,811	10,990,959	(7,771,767)	4,577,888	6,532,017	4,566,305	17,630,478	12,014,454
Total all other governmental funds	<u>\$ 9,245,143</u>	<u>\$ 9,299,337</u>	<u>\$ 14,802,962</u>	<u>\$ 15,106,503</u>	<u>\$ 59,436</u>	<u>\$ 7,263,008</u>	<u>\$ 9,236,258</u>	<u>\$ 8,176,867</u>	<u>\$ 23,836,524</u>	<u>\$ 13,679,400</u>

\*Fiscal years 2012 and 2011 reflect the adoption of GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

**COUNTY OF YORK, VIRGINIA**  
Changes in Fund Balances of Governmental Funds - Modified Accrual Basis of Accounting  
Last Ten Fiscal Years

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Revenues</b>										
General property taxes	\$ 78,172,692	\$ 76,516,162	\$ 75,850,691	\$ 77,258,854	\$ 73,378,206	\$ 69,684,667	\$ 62,683,368	\$ 66,230,441	\$ 60,746,643	\$ 57,087,494
Other local taxes	29,997,922	29,073,893	28,997,406	29,646,843	31,393,679	28,747,770	26,790,657	23,388,472	20,306,785	18,703,090
Intergovernmental	20,720,210	19,700,968	20,179,204	19,489,917	20,355,321	20,847,757	21,502,588	12,978,471	9,589,864	9,615,713
Permits, fees and licenses	468,190	471,535	598,252	735,562	831,243	1,046,764	913,332	930,640	638,530	728,015
Fines and forfeitures	387,560	359,937	371,169	358,110	345,100	327,126	327,745	304,214	281,112	203,218
Use of money and property	438,442	643,250	623,904	1,384,103	2,579,157	2,924,334	2,052,750	1,296,955	743,322	939,010
Charges for services	3,772,679	3,561,630	2,759,517	2,630,683	2,757,316	2,578,634	2,403,509	2,216,468	2,318,497	1,060,310
Miscellaneous	779,129	811,833	581,827	611,039	484,469	753,369	874,117	393,477	433,621	376,807
Recovered costs	2,378,769	2,608,989	3,160,903	2,161,212	2,071,392	2,600,887	1,686,726	1,354,117	2,666,263	193,280
Total revenue	<u>137,115,593</u>	<u>133,748,197</u>	<u>133,122,873</u>	<u>134,276,323</u>	<u>134,195,883</u>	<u>129,511,308</u>	<u>119,234,792</u>	<u>109,093,255</u>	<u>97,724,637</u>	<u>88,906,937</u>
<b>Expenditures</b>										
General government	2,011,421	1,915,207	1,911,202	2,018,604	1,844,681	2,113,708	1,673,175	1,680,539	1,569,469	1,328,817
Judicial services	2,630,531	2,831,373	2,760,342	2,775,268	2,811,979	2,542,993	2,242,388	2,143,641	1,972,741	1,718,449
Public safety	27,595,816	30,126,085	27,326,021	26,970,154	25,451,641	23,780,172	23,712,329	19,923,126	17,532,025	16,086,937
Environmental and development services	3,441,640	3,492,773	3,580,740	3,572,643	3,440,043	3,364,588	3,090,005	2,739,985	2,431,389	2,340,682
Finance and planning	7,822,399	9,058,412	9,479,582	10,506,158	9,602,977	10,189,383	8,126,815	7,915,016	6,531,070	6,612,953
Education	55,271,680	48,805,929	52,623,555	53,222,468	45,330,434	55,134,646	56,476,027	36,694,856	37,637,781	39,973,688
Human services	7,875,456	8,221,433	8,833,985	8,747,132	8,615,083	7,991,893	7,660,822	7,615,543	6,896,253	6,476,991
General services	6,747,125	6,822,173	7,012,414	7,311,531	6,604,110	6,362,307	5,767,179	5,322,325	4,429,005	4,438,122
Community services	5,271,976	4,138,036	3,512,723	3,696,218	3,398,991	3,310,307	3,361,651	2,540,703	2,332,758	2,201,509
Non-departmental	2,278,091	1,429,528	1,913,583	1,881,882	1,667,624	1,939,030	1,400,428	1,013,420	819,901	850,293
Capital outlay	4,091,765	8,968,847	4,613,783	9,789,500	14,993,302	4,710,733	6,877,390	23,015,460	13,914,552	3,753,408
Debt service:										
Principal	6,901,861	6,560,684	5,814,490	5,574,780	5,672,147	5,165,611	4,693,813	4,605,268	3,926,184	3,359,221
Interest and fiscal charges	4,078,062	4,283,166	4,402,171	3,855,923	3,880,565	3,750,570	3,205,542	3,223,039	3,022,661	2,392,524
Other costs of debt issuance	41,814	24,257	52,621	328,015	-	4,339	7,355	-	180,583	6,619
Total expenditures	<u>136,059,637</u>	<u>136,677,903</u>	<u>133,837,212</u>	<u>140,250,276</u>	<u>133,313,577</u>	<u>130,360,280</u>	<u>128,294,919</u>	<u>118,432,921</u>	<u>103,196,372</u>	<u>91,540,213</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,055,956</u>	<u>(2,929,706)</u>	<u>(714,339)</u>	<u>(5,973,953)</u>	<u>882,306</u>	<u>(848,972)</u>	<u>(9,060,127)</u>	<u>(9,339,666)</u>	<u>(5,471,735)</u>	<u>(2,633,276)</u>
<b>Other Financing Sources (Uses)</b>										
Insurance recovery	37,594	5,363	206,459	34,680	78,629	188,175	30,465	40,170	7,249	-
Bonds issued	6,925,000	1,120,000	4,180,000	22,630,000	-	11,030,000	14,905,000	-	21,255,000	7,715,000
Premium on bonds issued	1,047,456	-	66,222	523,691	-	274,451	797,573	-	228,544	286,319
Discount on bonds issued	-	-	-	-	-	-	-	-	(204,901)	-
Capital leases	-	3,035,627	-	151,400	148,428	286,890	971,921	-	-	-
Sale of capital and other assets	11,000	482,720	12,723	347,464	-	-	-	-	-	-
Transfers In	14,018,812	16,211,735	17,148,920	36,597,362	17,664,742	15,553,666	14,255,255	15,077,669	34,151,697	10,602,914
Transfers Out	(19,085,520)	(20,667,938)	(21,608,174)	(40,832,047)	(20,985,635)	(18,822,531)	(17,822,058)	(18,665,345)	(37,053,019)	(13,111,847)
Total other financing sources (uses)	<u>2,954,342</u>	<u>187,507</u>	<u>6,150</u>	<u>19,452,550</u>	<u>(3,093,836)</u>	<u>8,510,651</u>	<u>13,138,156</u>	<u>(3,547,506)</u>	<u>18,384,570</u>	<u>5,492,386</u>
<b>Extraordinary Item - Hurricane</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(674,702)</u>	<u>-</u>
Net change in fund balances	<u>\$ 4,010,298</u>	<u>\$ (2,742,199)</u>	<u>\$ (708,189)</u>	<u>\$ 13,478,597</u>	<u>\$ (2,211,530)</u>	<u>\$ 7,661,679</u>	<u>\$ 4,078,029</u>	<u>\$ (12,887,172)</u>	<u>\$ 12,238,133</u>	<u>\$ 2,859,110</u>
Debt service as a percentage of noncapital expenditures (1)	<u>8.21%</u>	<u>8.3%</u>	<u>7.9%</u>	<u>7.5%</u>	<u>8.1%</u>	<u>7.0%</u>	<u>6.6%</u>	<u>8.1%</u>	<u>7.9%</u>	<u>6.5%</u>

(1) Noncapital expenditures = total expenditures less amounts for capitalized assets on the Government-Wide Statement of Net Assets.

**COUNTY OF YORK, VIRGINIA**  
General Government Tax Revenues By Source - Modified Accrual Basis of Accounting  
Last Ten Fiscal Years

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Property tax	\$ 78,172,692	\$ 76,516,162	\$ 75,850,691	\$ 77,258,854	\$ 73,378,206	\$ 69,684,667	\$ 62,683,368	\$ 66,230,441	\$ 60,746,643	\$ 57,087,494
Local sales and use tax	9,425,492	9,043,325	9,322,221	9,661,699	9,522,530	8,928,076	8,319,803	7,564,266	6,880,444	5,783,873
Hotel and motel room taxes	4,278,426	4,264,686	4,057,057	4,290,511	4,563,470	4,196,637	3,698,491	2,857,007	1,769,860	1,830,095
Restaurant food taxes	5,381,266	5,260,568	5,054,179	5,132,516	5,143,049	4,910,446	4,495,630	3,962,278	3,553,263	3,146,992
Business license taxes	5,855,061	5,770,095	5,470,052	5,487,494	6,712,236	5,455,784	4,957,395	4,226,847	3,866,899	3,753,613
Communications sales tax	1,342,206	1,370,049	1,376,864	1,371,148	1,509,095	647,120	-	-	-	-
Motor vehicle licenses	1,514,549	1,485,763	1,474,552	1,503,306	1,404,639	1,426,483	1,357,565	1,291,961	1,202,293	1,186,793
Franchise taxes	735	502	259	41	-	364,516	703,762	652,046	595,181	567,661
Taxes on recordation and wills	1,604,286	1,238,123	1,643,995	1,617,076	2,054,522	1,973,736	2,024,164	1,619,933	1,235,075	1,190,722
Emergency telephone service taxes	-	-	-	-	-	352,343	717,810	728,098	745,135	780,394
Other local taxes	595,901	640,782	598,227	583,052	484,138	492,629	516,037	486,036	458,635	462,947
Total	<u>\$ 108,170,614</u>	<u>\$ 105,590,055</u>	<u>\$ 104,848,097</u>	<u>\$ 106,905,697</u>	<u>\$ 104,771,885</u>	<u>\$ 98,432,437</u>	<u>\$ 89,474,025</u>	<u>\$ 89,618,913</u>	<u>\$ 81,053,428</u>	<u>\$ 75,790,584</u>

**COUNTY OF YORK, VIRGINIA**  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Calendar Years

<u>Year</u>	<u>Real Property</u>		<u>Personal Property</u>	<u>Mobile Home</u>	<u>Public Utility</u>			<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
	<u>Residential</u>	<u>Commercial</u>			<u>Real Estate</u>	<u>Personal Property</u>	<u>CPC Equipment</u>		
2012	\$7,276,743,200	\$1,361,986,800	\$ 514,828,080	\$ 3,812,600	\$ 393,773,490	\$ 69,127	\$ -	\$9,551,213,297	\$ 0.9172
2011	7,551,450,600	1,397,685,000	493,248,385	4,187,400	382,175,535	96,956	68,960,274	9,897,804,150	0.8232
2010	7,549,953,800	1,411,273,300	486,463,825	4,021,600	366,503,738	129,147	69,774,070	9,888,119,480	0.8211
2009	7,802,656,100	1,190,943,400	460,168,335	4,725,400	346,268,796	147,871	72,185,117	9,877,095,019	0.8123
2008	7,668,516,700	1,101,172,500	515,107,210	4,276,100	308,145,734	148,765	67,877,755	9,665,244,764	0.8348
2007	6,665,019,900	980,775,300	487,921,335	4,224,900	326,639,988	174,188	75,653,448	8,540,409,059	0.8850
2006	6,530,030,700	924,418,600	476,044,805	4,234,365	281,865,579	147,630	56,217,994	8,272,959,673	0.8866
2005	4,583,006,800	759,384,400	438,975,665	4,533,300	308,441,261	195,614	108,900,347	6,203,437,387	1.0399
2004	4,458,533,400	719,324,700	389,936,240	4,048,700	311,750,291	103,116	83,427,310	5,967,123,757	1.0628
2003	3,689,658,100	643,037,800	372,586,710	4,483,220	383,517,402	81,725	47,572,000	5,140,936,957	1.0860

Source: County Commissioner of Revenue.

Note: Values are net of tax exempt property. Property in the County is reassessed every two years. Property is assessed on a calendar year basis and at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value. Calendar year 2012 reflects an amendment to the Virginia State Code, which exempted CPC (Certified Pollution Control) equipment.



# COUNTY OF YORK, VIRGINIA

## Property Tax Rates Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Real Estate (1) (2) (3)</b>	<b>Personal Property (1)</b>	<b>Mobile Home (1) (3)</b>	<b>CPC Equipment (1) (3)</b>	<b>Total Direct Tax Rate</b>
2012	\$0.6575/\$0.7415	\$ 4.00	\$0.6575/\$0.7415	\$0.526/\$0.5932	\$ 0.9172
2011	0.6575	4.00	0.6575	0.526	0.8232
2010	0.6575	4.00	0.6575	0.526	0.8211
2009	0.6575	4.00	0.6575	0.526	0.8123
2008	0.6975/0.6575	4.00	0.6975/0.6575	0.558/0.526	0.8348
2007	0.6975	4.00	0.6975	0.558	0.8850
2006	0.8175/0.6975	4.00	0.8175/0.6975	0.654/0.558	0.8866
2005	0.8175	4.00	0.8175	0.654	1.0399
2004	0.86/0.8175	4.00	0.86/0.8175	0.688/0.654	1.0628
2003	0.86	4.00	0.86	0.688	1.0860

(1) Tax rate per \$100 of assessed valuation.

(2) The amount designated for school operating is \$0.502 for fiscal year 2012.

(3) The tax rate, 1st half/2nd half, if different.

Note: The County has no overlapping taxes with other governments.

**COUNTY OF YORK, VIRGINIA**  
Principal Property Taxpayers  
Calendar Year 2011 and Nine Years Prior\*

<u>Taxpayer</u>	<u>Description</u>	<u>2011 Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>2002 Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Virginia Power Company	Generating plant	\$ 319,517,999	1	3.20%	\$ 360,875,689	1	7.30%
Lawyers Title/Fairfield Resorts	Timeshare condominiums	187,614,355	2	1.88%	100,672,780	2	2.04%
Western Refining Yorktown Inc.	Refinery	185,394,865	3	1.86%	82,221,950	3	1.66%
Great Wolf Lodge of Williamsburg, LLC	Hotel and water park	84,499,370	4	0.85%			
City of Newport News	Water system	76,578,900	5	0.77%	65,822,400	4	1.33%
Kings Creek Plantation	Timeshare condominiums	73,328,605	6	0.74%	18,866,810	9	0.38%
Busch Entertainment	Water park	49,390,485	7	0.50%	45,641,245	5	0.92%
Wal-Mart	Retail sales	38,277,300	8	0.38%			
Premier Properties	Marquis shopping center	35,324,200	9	0.35%			
U.S. Smokeless Tobacco Products	Manufacturer	<u>18,315,255</u>	10	<u>0.18%</u>	14,411,735	10	0.29%
Verizon Virginia, Inc.	Telephone company				25,998,459	6	0.53%
Virginia Natural Gas	Natural gas company				21,018,890	7	0.43%
Kiln Creek Shopping Center	Retail sales				<u>19,374,200</u>	8	0.39%
Total		<u>\$ 1,068,241,334</u>		<u>10.71%</u>	<u>\$ 754,904,158</u>		<u>15.27%</u>

\*The County's assessment cycle is on a calendar year basis.  
Source: Commissioner of the Revenue of the County of York, Virginia.

**COUNTY OF YORK, VIRGINIA**  
Property Tax Levies and Collections  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Tax Levy (1)</u>	<u>Current Tax Collections (1)</u>	<u>Percent of Levy Collected</u>	<u>Collections in Subsequent Year</u>	<u>Total Collections to Date</u>	
					<u>Amount</u>	<u>Percentage of Levy</u>
2012	\$ 77,167,308	\$ 75,120,925	97.35%	\$ -	\$ 75,120,925	97.35%
2011	78,309,524	74,202,547	94.76%	1,173,910	75,376,457	96.25%
2010	79,967,238	74,592,412	93.28%	1,468,029	76,060,441	95.11%
2009	77,519,190	74,221,594	95.75%	1,653,651	75,875,245	97.88%
2008	72,552,762	70,122,593	96.65%	2,003,895	72,126,488	99.41%
2007	69,290,160	67,367,845	97.23%	1,354,491	68,722,336	99.18%
2006	67,054,087	64,874,238	96.75%	1,560,479	66,434,717	99.08%
2005	65,863,726	63,315,662	96.13%	1,647,537	64,963,199	98.63%
2004	60,823,449	58,099,636	95.52%	2,011,918	60,111,554	98.83%
2003	57,471,361	55,137,811	95.94%	1,876,614	57,014,425	99.20%

(1) Effective for 2006, the Commonwealth of Virginia passed legislation changing the nature of the Personal Property Tax Relief Act "PPTRA" (Virginia State Code, Title 58.1, Chapter 35) from a reimbursement based entitlement program to a block grant. Consequently, the levy and collections for the first half of calendar year 2006 (second half of fiscal year 2006), excludes the Commonwealth's noncategorical aid for PPTRA. Figures for the second half of calendar year 2005 (first half of fiscal year 2006) and for applicable prior years include the Commonwealth's reimbursement for PPTRA.

Source: Commissioner of the Revenue and Treasurer, County of York, Virginia.

**COUNTY OF YORK, VIRGINIA**  
Ratio of Outstanding Debt By Type (1)  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Governmental Activities</u>					<u>Business-type Activities</u>			<u>Total Primary Government</u>	<u>Percentage of Personal Income (2)</u>	<u>Per Capita (2)</u>
	<u>General Obligation Bonds</u>	<u>Literary Loans</u>	<u>Capital Leases</u>	<u>Lease Revenue Bonds</u>	<u>Note Payable</u>	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>			
2012	\$ 57,690,000	\$ -	\$ 2,917,121	\$ 27,295,000	\$ 719,393	\$ -	\$ 23,009,595	\$ 1,230,616	\$ 112,861,725	3.14%	\$ 1,685
2011	55,305,000	100,000	3,316,594	28,835,000	1,041,781	-	23,452,310	1,705,295	113,755,980	3.19%	1,708
2010	58,510,000	200,000	694,180	30,565,000	1,341,604	-	8,484,413	2,159,605	101,954,802	2.90%	1,557
2009	58,395,000	300,000	914,834	31,715,000	1,620,440	-	8,785,933	2,598,931	104,330,138	3.06%	1,608
2008	56,910,000	400,000	953,896	15,595,000	1,879,758	-	9,071,898	730,000	85,540,552	2.48%	1,324
2007	60,925,000	550,000	986,448	16,680,000	2,120,925	-	9,347,334	895,000	91,504,707	2.76%	1,434
2006	53,455,000	710,000	860,883	17,740,000	2,345,211	-	9,612,267	1,055,000	85,778,361	2.74%	1,355
2005	41,655,000	870,000	69,189	18,780,000	2,553,797	-	9,886,722	1,205,000	75,019,708	2.57%	1,202
2004	44,785,000	1,030,000	175,471	19,795,000	2,747,783	-	9,310,721	1,350,000	79,193,975	3.00%	1,281
2003	43,740,000	1,190,000	276,247	3,070,000	2,928,191	-	9,484,287	1,490,000	62,178,725	2.46%	1,026

(1) Bonds are shown at gross, excluding premiums and/or discounts and deferred amounts on refundings.

(2) See Population and Personal Income on Demographic and Economic Statistics table, page L-16.

**COUNTY OF YORK, VIRGINIA**  
Ratio of General Bonded Debt Outstanding  
Last Ten Fiscal Years

<b><u>Fiscal Year</u></b>	<b><u>General Obligation Bonds</u></b>	<b><u>Less Amounts Available in Debt Service Fund</u></b>	<b><u>Total</u></b>	<b><u>Percentage of Actual Taxable Value of Property (1)</u></b>	<b><u>Per Capita (2)</u></b>
2012	\$ 57,690,000	\$ -	\$ 57,690,000	0.60%	\$ 861
2011	55,305,000	-	55,305,000	0.56%	830
2010	58,510,000	-	58,510,000	0.59%	893
2009	58,395,000	-	58,395,000	0.59%	900
2008	56,910,000	-	56,910,000	0.59%	881
2007	60,925,000	-	60,925,000	0.71%	955
2006	53,455,000	-	53,455,000	0.65%	844
2005	41,655,000	-	41,655,000	0.67%	668
2004	44,785,000	-	44,785,000	0.75%	725
2003	43,740,000	-	43,740,000	0.85%	722

(1) See Assessed Value table, page L-9.

(2) See Population on Demographic and Economic Statistics table, page L-16.

**COUNTY OF YORK, VIRGINIA**

Pledged Revenue Coverage (1)

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Net Revenues (2)</u>	<u>Capacity Fees</u>	<u>Meals Tax</u>	<u>Unrestricted Reserves</u>	<u>Total Debt Service</u>	<u>Coverage</u>		
						<u>Test 1 (3)</u>	<u>Test 2a (4)</u>	<u>Test 2b (4)</u>
2012	\$ 2,344,292	\$ 668,525	\$ 1,734,227	N/A	\$ 1,679,914	1.40	1.20	2.03
2011	1,239,891	515,932	1,050,248	N/A	1,059,085	1.17	0.93	1.68
2010	1,275,578	274,900	N/A	5,731,287	664,878	1.92	1.71	5.82
2009	2,104,996	876,754	N/A	7,531,006	662,328	3.18	2.52	7.54
2008	2,270,177	973,743	N/A	5,993,299	664,278	3.42	2.68	6.46
2007	3,480,661	1,492,611	N/A	8,262,475	665,828	5.23	4.11	9.19
2006	3,373,471	1,408,337	N/A	8,905,523	668,169	5.05	3.99	9.61
2005	2,721,522	1,011,881	N/A	11,859,790	706,695	3.85	3.14	10.81
2004	2,842,790	980,017	N/A	11,438,400	704,533	4.03	3.34	10.76
2003	3,620,135	1,739,576	N/A	11,585,415	707,133	5.12	3.89	10.85

(1) Revenue covenants on 1999 Sewer System Revenue Bonds, 2005 Sewer System Revenue Refunding Bonds and 2010 Sewer System Revenue Bonds must meet two coverage tests. The non-callable portion of the 1999 bonds was paid off in 2009.

(2) Net revenue represents operating income, investment earnings and the federal subsidy for interest, excluding transfers, and less operating expenses, excluding interest, depreciation and amortization, and less amounts due on the Series 1992 bonds.

(3) The ratio of the net revenues divided by the sum of 100% of the annual debt service plus any amounts required to be deposited in the Repair and Replacement Fund and the Debt Service Reserve Fund during the fiscal year must exceed 1.20.

(4) Either (a) the ratio of net revenues less 50% of capacity fees divided by 100% of total debt service must exceed 1.0; or for fiscal years 2012 - 2011, (b) the ratio of net revenues plus meals tax revenues less 100% of capacity fees divided by 100% of annual debt service must exceed 1.50; for fiscal years 2010 - 2003, (b) the ratio of net revenues less 100% of capacity fees plus 50% of unrestricted reserves divided by 100% of annual debt service must exceed 1.50.

**COUNTY OF YORK, VIRGINIA**  
Demographic and Economic Statistics  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (Thousands) (2)</b>	<b>Per Capita Income (2)</b>	<b>Median Age (3)</b>	<b>Education Level In Years of Formal Schooling (4)</b>	<b>Student Average Daily Membership (5)</b>	<b>Unemployment Rate (6)</b>
2012	67,000	\$ 3,599,418	\$ 45,640	40.60	13.20	12,410	5.10%
2011	66,600	3,564,108	45,560	39.50	13.20	12,477	5.70%
2010	65,500	3,517,859	45,334	39.40	13.20	12,533	5.60%
2009	64,900	3,406,626	47,380	39.40	13.10	12,732	5.50%
2008	64,600	3,449,178	47,553	39.20	13.10	12,745	3.50%
2007	63,800	3,317,909	45,244	39.10	13.10	12,649	2.60%
2006	63,300	3,129,664	42,858	38.90	13.00	12,797	2.80%
2005	62,400	2,924,556	40,209	38.70	13.00	12,442	2.90%
2004	61,800	2,642,660	36,743	38.30	12.80	12,363	2.80%
2003	60,600	2,525,203	35,352	38.00	12.80	12,184	3.00%

Source:  
(1) U.S. Census Bureau (2010); County Planning Division - estimated (2012, 2011 and 2009 - 2003).  
(2) County Planning Division - estimated (2012 - 2011); U.S. Bureau of Economic Analysis - includes City of Poquoson (2010 - 2003).  
(3) County Planning Division - estimated (2012 - 2011); U.S. Census Bureau (2010 - 2003).  
(4) Educational Attainment data published by the U.S. Census Bureau.  
(5) County School Division.  
(6) Local Area Unemployment Statistics Program and the Bureau of Labor Statistics.

# COUNTY OF YORK, VIRGINIA

Principal Employers  
Current and Nine Years Prior

<u>Employer</u>	<u>2012</u>			<u>2003</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Naval Weapons Station/ Cheatham Annex	3,026	1	14.00%	3,177	1	17.61%
York County School Division	1,745	2	8.07%	1,667	2	9.24%
U.S. Coast Guard Station	1,437	3	6.65%	787	5	4.36%
Wal-Mart	934	4	4.32%	914	3	5.07%
York County Government	733	5	3.39%	615	6	3.41%
Sentara Williamsburg Regional Medical Center	722	6	3.34%			
Water Country	676	7	3.13%	814	4	4.51%
Great Wolf Lodge	624	8	2.89%			
YMCA	298	9	1.38%			
Windham Vacation Ownership	267	10	1.23%			
Kings Creek Plantation				239	9	1.32%
Fairfield Resorts				326	7	1.81%
K-Mart				267	8	1.48%
Giant				199	10	1.10%
Total	10,462		48.40%	9,005		49.91%

Source: County Office of Economic Development.



**COUNTY OF YORK, VIRGINIA**  
Full-time Equivalent County Employees By Function  
Last Ten Fiscal Years

<b>Function</b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>
General government	20.00	20.00	20.50	20.50	20.50	21.50	21.00	21.00	20.50	20.00
Judicial services	32.75	32.75	32.75	31.50	31.50	30.50	29.00	29.00	28.50	26.50
Public safety	300.00	299.50	300.25	286.75	279.75	266.00	259.50	254.50	238.50	227.50
Environmental and development services	55.00	54.00	54.00	54.00	53.00	52.00	51.00	46.00	44.00	44.00
Finance and planning	89.25	89.25	89.25	89.25	86.50	85.25	84.75	82.25	82.25	84.00
Education (Library)	33.50	33.50	33.50	33.50	33.50	34.00	32.50	32.50	32.50	32.50
General services	80.00	81.00	81.00	80.00	67.00	65.00	68.00	67.00	66.00	66.00
Community services	54.20	54.20	54.20	54.20	53.20	53.20	52.20	51.60	52.60	55.10
Sewer	56.50	55.50	54.00	53.00	53.00	54.00	51.00	53.00	49.00	47.00
Water	-	-	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Solid Waste	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	10.50	10.50
	<u>733.20</u>	<u>731.70</u>	<u>732.95</u>	<u>716.20</u>	<u>691.45</u>	<u>674.95</u>	<u>662.45</u>	<u>650.35</u>	<u>625.85</u>	<u>614.60</u>

Source: County Human Resources. Includes full-time and part-time positions; excludes work-as-required staff.

**COUNTY OF YORK, VIRGINIA**  
Operating Indicators By Function  
Last Ten Years

<b>Function</b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>
General Government										
Elections - Registered voters	45,540	44,814	44,353	44,962	42,906	41,203	40,667	39,485	38,619	37,047
Judicial Services (Clerk of Court)										
Criminal and civil cases filed	1,773	1,903	2,022	1,730	1,607	1,900	2,101	1,908	1,908	1,956
Land records filed	21,061	21,059	28,413	26,790	30,111	31,223	32,842	29,895	33,757	33,614
Sheriff										
Physical arrests	1,768	2,197	2,210	1,684	1,328	1,231	1,054	1,082	1,216	1,081
Parking violations	92	130	109	467	399	143	121	40	39	349
Traffic violations	3,489	3,395	3,712	4,390	2,694	3,292	3,575	3,446	3,129	3,545
Fire and Life Safety										
Number of calls	9,070	8,842	8,677	8,717	9,161	8,709	15,140	14,600	13,260	11,627
Fire dispatches	3,504	3,552	3,482	3,497	3,999	3,695	7,887	7,785	6,481	5,745
Rescue dispatches	5,566	5,290	5,195	5,220	5,162	5,014	7,253	6,815	6,779	5,882
Environmental and Development Services										
Building Permits Issued	3,663	3,751	3,676	3,881	4,859	5,606	5,297	6,113	6,691	6,110
Building Permit Value	\$ 55,959,121	\$ 50,093,788	\$ 76,376,378	\$ 113,550,581	\$ 153,900,889	\$ 194,087,943	\$ 174,039,300	\$ 161,305,773	\$ 158,120,247	\$ 137,403,318
Education										
Library book circulation	562,212	576,134	623,015	647,845	658,982	645,851	680,584	693,601	676,857	679,983
Library registered patrons	70,684	72,915	69,064	77,612	71,578	65,019	66,660	60,412	51,862	48,156
School Division cost per pupil	\$ 9,424	\$ 9,292	\$ 9,736	\$ 9,506	\$ 8,996	\$ 8,888	\$ 8,117	\$ 7,664	\$ 6,930	\$ 6,545
Community services										
Recreation program participation	101,650	119,314	113,653	130,137	82,284	57,328	45,508	40,392	42,461	42,654
Sewer										
New connections	366	158	166	251	442	530	760	841	214	1,256
Water										
New connections	N/A	N/A	N/A	8	12	10	7	8	11	2
Consumption	N/A	N/A	N/A	116,927,460	123,386,411	95,512,834	80,965,900	52,087,160	43,867,358	39,515,600
Solid Waste										
Refuse collections (tons)	91,699	95,671	103,842	110,282	115,738	132,544	152,493	141,635	136,792	125,065
Recyclables collected (tons)	18,139	17,302	29,780	27,200	30,136	21,527	17,424	16,591	38,047	18,772

Source: Various County departments, except for Sheriff's physical arrests 2005 - 2001, which is from the Virginia State Police on a calendar year basis.

Beginning in fiscal year 2010, the County's water operation was turned over to Newport News Waterworks.

Beginning in fiscal year 2011, electrical, plumbing and mechanical permits are reported as residential or commercial, as applicable. Due to system limitations, these permits are reported as commercial in prior years.

**COUNTY OF YORK, VIRGINIA**  
Capital Asset Statistics By Function  
Last Ten Years

<b>Function</b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>
Sheriff										
Patrol units	59	54	55	54	51	49	48	46	46	43
Fire and Life Safety										
Stations	6	6	6	6	6	6	6	6	6	6
Fire and rescue apparatus	26	26	26	25	25	25	24	24	24	23
Community services										
Park acreage	786	786	786	786	847	840	847	847	660	650
Parks	11	11	11	11	11	11	11	11	10	9
Tennis courts	36	36	36	36	32	30	32	32	32	32
Basketball courts	38	38	38	38	36	36	36	36	36	35
Volleyball courts	1	1	1	1	1	1	1	1	1	1
Athletic fields	73	73	73	73	60	60	60	60	60	59
Education										
School facilities	19	19	19	19	19	19	19	19	19	19
Sewer										
Sanitary sewer (miles)	350	294	337	288	287	384	214	211	204	202
Water										
Mains (miles)	N/A	N/A	N/A	21.00	20.00	19.50	16.00	15.00	14.00	14.00
Fire hydrants	N/A	N/A	N/A	208	232	152	114	108	97	97
Maximum daily capacity	N/A	N/A	N/A	300,000	300,000	300,000	300,000	300,000	300,000	300,000

Source: Various County departments.

Beginning in fiscal year 2010, the County's water operation was turned over to Newport News Waterworks.



**Independent Auditors' Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

The Honorable Members of the Board of Supervisors  
County of York, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of York, Virginia ("County") as of and for the year ended June 30, 2012, and have issued our report thereon dated November 9, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Specifications for Audit of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

**Internal Control Over Financial Reporting**

Management of the County of York, Virginia, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Supervisors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Cherry, Bekant & Holland, L.L.P.*

Virginia Beach, Virginia  
November 9, 2012



**Independent Auditors' Report on Compliance With Requirements  
That Could Have a Direct and Material Effect  
on Each Major Federal Program and on Internal Control Over Compliance  
in Accordance With OMB Circular A-133**

The Honorable Members of the Board of Supervisors  
County of York, Virginia

**Compliance**

We have audited the compliance of the County of York, Virginia ("County") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended June 30, 2012. The County of York's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of York's management. Our responsibility is to express an opinion on the County of York's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of York's compliance with those requirements.

In our opinion, the County of York complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

## Internal Control Over Compliance

The management of the County of York is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs.

In planning and performing our audit, we considered County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The report is intended for the information of the Board of Supervisors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Cherry, Bekant - Holland, L. L. P.*

Virginia Beach, Virginia  
November 9, 2012



**Independent Auditors' Report on Compliance with  
Commonwealth of Virginia's Laws, Regulations,  
Contracts and Grants**

The Honorable Members of the Board of Supervisors  
County of York, Virginia

We have audited the basic financial statements of the County of York, Virginia, as of and for the year ended June 30, 2012, and have issued our report thereon dated November 9, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the County's compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, the objective of our audit of the basic financial statements was not to provide an opinion on overall compliance with such provisions, and, accordingly, we do not express such an opinion.

The following is a summary of the Commonwealth of Virginia's laws, regulations, contracts, and grants for which we performed tests of compliance:

Code of Virginia		State Agency Requirements
Budget and Appropriation Laws	Procurement	Education
Cash and Investments	Unclaimed Property	Comprehensive Services Act Funds
Conflicts of Interest		Social Services
Debt Provisions		
Retirement Systems		

The results of our tests disclosed no instances of noncompliance with the provisions referred to in the preceding paragraph.

This report is intended solely for the information of the Board of Supervisors, management, the Auditor of Public Accounts and applicable state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Cherry Bekaert & Holland, L.L.P.*

Virginia Beach, Virginia  
November 9, 2012



**COUNTY OF YORK, VIRGINIA**  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

<u>Federal Granting Agency/Recipient State Agency/Grant Program</u>	<u>Federal Catalog Number</u>	<u>Federal Expenditures</u>
Department of Agriculture:		
Direct payment: Child and Adult Care Food Program	10.558	\$ 87,954
Pass-through payments:		
Department of Social Services:		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (765-460-03; 765-460-06)	10.561	463,462
Department of Agriculture: Donated Foods	10.555	\$ 216,393
Department of Education:		
School Breakfast Program (197-179-01)	10.553	155,644
National School Lunch Program (197-179-01)	10.555	951,838
Department of Juvenile Justice: National School Lunch Program (777-360-03)	10.555	<u>5,670</u>
Total Child Nutrition Cluster		1,329,545
Department of Commerce:		
Pass-through payments: Department of Emergency Management		
Public Safety Interoperable Communications Grant Program	11.555	374,851
Department of Defense:		
Direct payments:		
Naval Junior ROTC Program	12.000	124,451
National Defense Authorization Act	12.000	711,051
Department of Housing and Urban Development:		
Pass-through payments:		
Department of Housing and Community Development:		
Community Development Block Grants/State's Program (165-533-05)	14.228	547,546
Virginia Housing Development Authority:		
Housing Counseling Assistance Program	14.169	2,474
Section 8 Housing Choice Vouchers	14.871	114,816
Department of the Interior: Direct payment: Payments in Lieu of Taxes	15.226	9,776
Department of Justice:		
Direct payments:		
Edward Byrne Memorial Formula Grant Program	16.579	26,862
Edward Byrne Memorial State and Local Law Enforcement Assistance		
Discretionary Grants Program	16.580	43,372
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	162,497
State Criminal Alien Assistance Program	16.606	9,891
Bulletproof Vest Partnership Program	16.607	6,676
Edward Byrne Memorial Justice Assistance Grant Program	16.738	11,422
Pass-through payments:		
Department of Criminal Justice Services:		
Crime Victim Assistance (140-390-01)	16.575	70,777
Violence Against Women Formula Grants (140-390-01)	16.588	27,366
Department of Transportation:		
Pass-through payment: Department of Motor Vehicles		
State and Community Highway Safety (530-605-07)	20.600	33,104
Federal Communications Commission:		
Direct Payment: Universal Service - E-rate Program	32.000	12,768
Department of Education:		
Direct payments:		
Impact Aid	84.041	8,166,244
Pass-through payments:		
Department of Education (197-179-01):		
Adult Education - Basic Grants to States	84.002	31,385
Title I Grants to Local Educational Agencies	84.010	418,295
Special Education and Rehabilitative Services:		
Special Education - Grants to States	84.027	2,227,461
Special Education - Preschool Grants	84.173	<u>46,239</u>
Total Special Education Cluster (IDEA)		2,273,700

(continued)

See accompanying notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF YORK, VIRGINIA**  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

<u>Federal Granting Agency/Recipient State Agency/Grant Program</u>	<u>Federal Catalog Number</u>	<u>Federal Expenditures</u>
Department of Education:		
Pass-through payments:		
Department of Education (197-179-01):		
Vocational and Adult Education:		
Career and Technical Education - Basic Grants to States	84.048	98,631
Safe and Drug-Free Schools and Communities - State Grants	84.186	5,914
English Language Acquisition State Grants	84.365	40,073
Improving Teacher Quality State Grants	84.367	252,987
ARRA - State Fiscal Stabilization Fund (SFSF), Education State Grants, Recovery Act	84.394	493,272
ARRA - Education Jobs Fund	84.410	1,302,393
United States Election Assistance Commission:		
Pass-through payments: State Board of Elections		
Help America Vote Act Requirements Payments (132-723-02)	90.401	2,500
Department of Education:		
Direct payment: Health Resources and Services Administration		
Early Retiree Reinsurance Program	93.546	146,503
Department of Health and Human Services:		
Direct payments: Administration for Children, Youth and Families: Head Start	93.600	860,105
Pass-through payments:		
Department of Social Services:		
Promoting Safe and Stable Families (765-469-01)	93.556	37,507
Temporary Assistance for Needy Families (765-452-01; 765-452-12; 765-460-03; 765-460-06)	93.558	396,550
Refugee and Entrant Assistance - State Administered Programs (765-460-03; 765-460-06; 765-491-02)	93.566	858
Low-Income Home Energy Assistance (765-460-03; 765-460-06)	93.568	30,178
Child Care and Development Block Grant (765-452-15)	93.575	189,576
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (765-452-14; 765-452-15; 765-460-03; 765-460-06)	93.596	106,211
Total Child Care and Development Fund Cluster		295,787
Stephanie Tubbs Jones Child Welfare Services Program (765-460-06)	93.645	1,132
Foster Care - Title IV-E (765-460-03; 765-460-06; 765-469-01)	93.658	233,587
Adoption Assistance (765-460-03; 765-460-06; 765-469-03)	93.659	117,484
Social Services Block Grant (765-460-03; 765-460-06; 765-468-02; 765-469-01)	93.667	254,142
Chafee Foster Care Independence Program (765-460-06; 765-469-01)	93.674	4,224
Children's Health Insurance Program (765-460-03; 765-460-06)	93.767	13,146
Medical Assistance Program (765-460-03; 765-460-06)	93.778	281,717
Department of Medical Assistance Services: Medical Assistance Program	93.778	48,645
Total Medicaid Cluster		330,362
Department of Health:		
Pass-through payments:		
Department of Public Health: Public Health Emergency Preparedness	93.069	29,245
Department of Homeland Security:		
Direct payment: Assistance to Firefighters Grant	97.044	9,844
Pass-through payments:		
Department of Emergency Services:		
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (127-776-02)	97.036	1,146,833
Emergency Management Performance Grants (127-775-01)	97.042	45,529
Port Security Grant Program (127-775-01)	97.056	230,016
State Homeland Security Program (SHSP) (127-775-01)	97.073	150,135
 Total		 \$ 21,589,222

See accompanying notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF YORK, VIRGINIA**  
Notes to Schedule of Expenditures of Federal Awards  
June 30, 2012

**1. GENERAL**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal awards of the County of York, Virginia. The County of York's reporting entity is defined in Note 1 to the basic financial statements. All revenues expended directly from federal agencies as well as monies passed through other government agencies are included on the Schedule.

**2. BASIS OF ACCOUNTING**

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

**3. SUBRECIPIENTS**

Of the federal expenditures presented in the Schedule, the County provided federal awards to a subrecipient as follows:

<u>Program Title</u>	<u>Catalogue Number</u>	<u>Provided to Subrecipient</u>
Community Development Block Grants/State's Program	14.228	\$ <u>540,975</u>

**COUNTY OF YORK, VIRGINIA**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2012**

**A. Summary of Auditors' Results**

Financial Statements:

Type of auditor's report issued on the financial statements:	<b>Unqualified</b>
Internal control over financial reporting:	
Material weaknesses identified:	<b>No</b>
Significant deficiencies identified:	<b>None reported</b>
Noncompliance material to the financial statements noted?	<b>No</b>

Federal Awards:

Type of auditor's report issued on compliance for major programs:	<b>Unqualified</b>
Internal control over financial reporting:	
Material weaknesses identified:	<b>No</b>
Significant deficiencies identified:	<b>None reported</b>
Noncompliance material to federal awards noted?	<b>No</b>
Any audit findings disclosed that are required to be reported in Accordance with Section 510(a) of OMB Circular A-133?	<b>No</b>

Identification of major federal programs:

<u><b>Name of Program</b></u>	<u><b>CFDA #</b></u>
Department of Agriculture:	
Child Nutrition Cluster	10.553/10.555
Department of Education:	
Impact Aid Cluster	84.041/12.000
American Recovery and Reinvestment Act - State Fiscal Stabilization Fund	84.394
American Recovery and Reinvestment Act - Education Jobs Fund	84.410
Department of Homeland Security:	
Disaster Grants – Public Assistance	97.036
Port Security Grant Program	97.056

Dollar threshold to distinguish between Types A and B Programs:	<b>\$647,677</b>
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The County of York was qualified as a low risk auditee?	<b>Yes</b>
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<b>B. Findings - Financial Statement Audit</b>	<b>None</b>
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<b>C. Findings and Questioned Costs - Major Federal Awards</b>	<b>None</b>
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<b>D. Resolution of Prior Year's Findings</b>	<b>None</b>
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